

Q2 FY2017 Results Presentation

# Kolte-Patil Developers Limited



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# Disclaimer

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Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Kolte-Patil Developers Limited (KPDL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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# CMD's Message

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## **Commenting on the performance for Q2 FY2017, Mr. Rajesh Patil, CMD, Kolte-Patil Developers Limited said:**

*"In a seasonally weak quarter we have delivered a good performance achieving pre-sales of 0.57 msf. or Rs. 329 crore led by strong sales across our key MIG projects - Ivy Estate, Life Republic, Wakad and Three Jewels. The pre-sales in Q2 were higher by 24% YoY in value volume terms and 17% YoY in value terms. Collections remained healthy at Rs. 234 crore.*

*Our focus on execution and cost competitiveness is translating into superior financial and operational performance. Revenue for Q2 FY17 stood at Rs. 226 crore, up 25% YoY. Net profit increased 54% YoY to Rs. 19.3 crore led by reduction in finance costs. We continue to execute well across all our projects and offered 502 units or 0.7 msf for possession during Q2, taking our total tally for the first half to 1.2 msf. We will continue to maintain our thrust on execution and maintaining cost efficiencies at all projects and utilizing the cash flows to further pare down debt.*

*This has been a landmark year of reforms for the country with the passage of the GST, the introduction of RERA and the recent demonetization of Rs. 500 and Rs. 1,000 currency notes. There maybe a short-term disruption with customers deferring their purchases, but we are confident that in the long run these measures will benefit the more organized developers like us with high levels of corporate governance. We welcome all these initiatives taken by the government which will bring in greater transparency and professionalize the sector.*

*To conclude, our sales bookings in the first half have been encouraging with pre-sales of 1.23 msf or Rs. 699 crore, higher by 29% YoY in volume terms and 20% YoY in value terms. We remain committed to strengthening our brand recall and differentiating ourselves through timely delivery, customer centric approach and product innovation."*

# Business updates in Q2 FY2017

New area sales	Q2 FY17	Q2 FY16	YoY	H1 FY17	H1 FY16	YoY
Value (Rs. million)	3,288	2,822	17%	6,987	5,825	20%
Volume (million sq. ft.)	0.57	0.46	24%	1.23	0.95	29%
Realization (Rs./Sq. ft.)	5,804	6,174	-6%	5,701	6,114	-7%
Collections (Rs. million)	2,341	2,230	5%	4,635	4,887	-5%

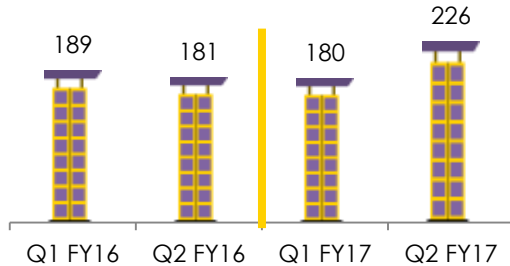
## Key Highlights

- ✦ Strong growth in sales volume led by Ivy Estate, Life Republic and Wakad projects
- ✦ MIG segment (including Township) accounted for 75% of the total sales in Q2 FY17 as compared to 71% in Q2 FY16
- ✦ Despite sluggish environment, KPDL's flagship project, Jay-Vijay Society, in Mumbai continues to see higher sales momentum as well as increase in realizations
- ✦ Kolte-Patil – Portman Holdings JV completed its Margosa Heights project in Pune, generating an IRR of 36% and a money multiple of 3.1 times for itself and its JV partner, Portman Holdings, USA

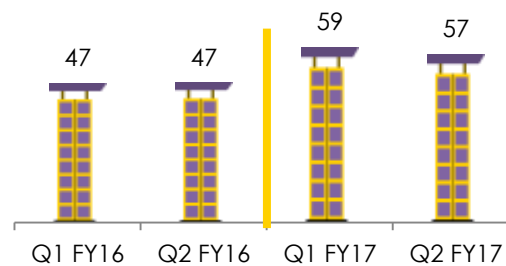
# Performance Highlights

Kolte-Patil adopted Ind-AS framework starting Q1 FY17. Comparable prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.

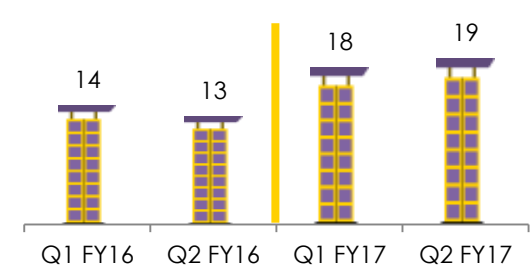
### Revenue, Rs. Crore



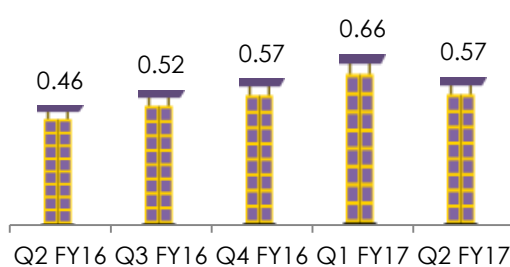
### EBITDA, Rs. Crore



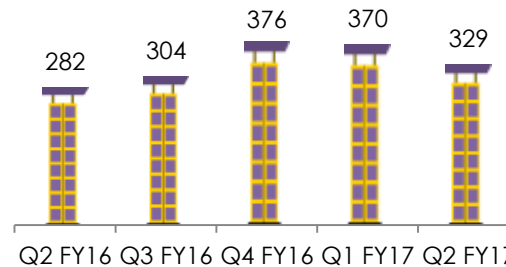
### PAT, Rs. Crore



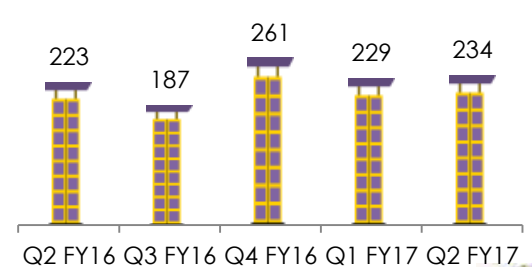
### Sales Volume, million sq. ft



### Sales value, Rs. Crore



### Total Collections, Rs. Crore



# New Sales Analysis – Q2 FY17

msf.

0.60

0.64

1.00

0.50

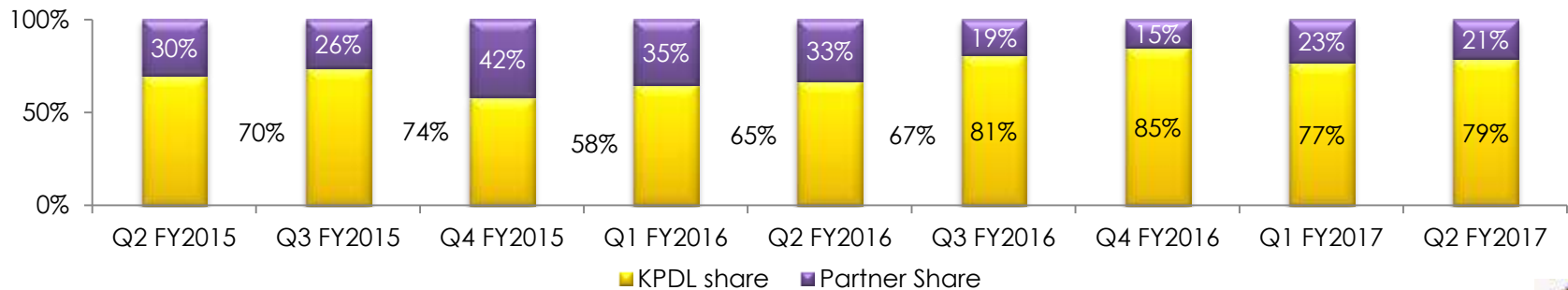
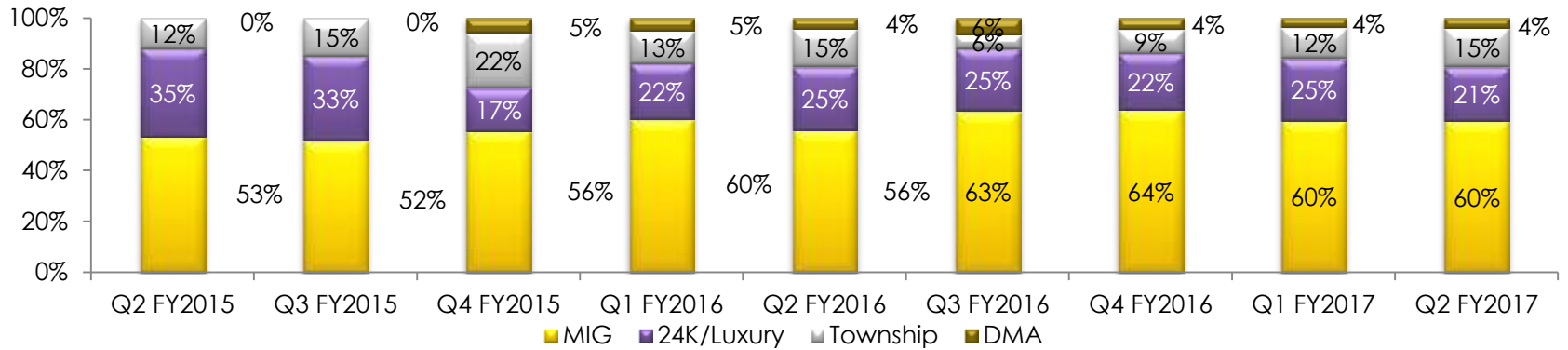
0.46

0.52

0.57

0.66

0.57



7 Note: Corolla stake has increased from 46.25% in Q2 FY16 to 100% in Q3 FY16



# Ind-AS Impact on KPDL

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- ✚ Under Ind-AS, consolidation is based on control and not just shareholding which has resulted in certain joint ventures being classified as subsidiaries.
- ✚ Under Ind-AS dividend on equity shares is recognized on receipt of approval. Proposed dividend recognized under Indian GAAP has thus been derecognized under Ind- AS.
- ✚ As per Ind-AS, the Equity settled share based payment transactions have been measured at fair value.
- ✚ As per Ind-AS, gain or loss on actuarial valuation is recognized in Other Comprehensive income.
- ✚ Investments in Optionally convertible Debentures, Compulsorily Convertible debentures and Optionally Convertible redeemable preference shares have been measured at fair value and any gain or loss is recognized in profit or loss.
- ✚ As per Ind-AS, loans and deposits have been accounted for at amortized cost.



# Profit and Loss Snapshot – Q2 FY17 vs Q1 FY17 vs Q2 FY16

P&L Snapshot (Rs. crore)	Ind-AS (Unaudited)				
	Q2 FY17	Q1 FY17	Q2 FY16	YoY (%)	QoQ (%)
<b>Total operating income</b>	<b>226.0</b>	<b>179.8</b>	<b>181.0</b>	<b>25%</b>	<b>26%</b>
Total Expenses	172.4	124.3	137.1	26%	39%
<b>EBITDA</b>	<b>57.0</b>	<b>59.1</b>	<b>47.3</b>	<b>21%</b>	<b>-4%</b>
<b>EBITDA Margin (%)</b>	<b>25.2%</b>	<b>32.9%</b>	<b>26.1%</b>	<b>-0.9%</b>	<b>-7.6%</b>
<b>EBIT</b>	<b>53.5</b>	<b>55.5</b>	<b>43.9</b>	<b>22%</b>	<b>-4%</b>
<b>EBIT Margin (%)</b>	<b>23.7%</b>	<b>30.9%</b>	<b>24.3%</b>	<b>-0.6%</b>	<b>-7.2%</b>
Other income	2.1	1.6	3.4	-40%	29%
Finance costs	20.5	21.7	17.7	16%	-6%
<b>Profit before tax</b>	<b>35.1</b>	<b>35.5</b>	<b>29.7</b>	<b>18%</b>	<b>-1%</b>
Taxes	14.9	16.5	12.2	22%	-10%
<b>Profit after tax</b>	<b>20.2</b>	<b>19.0</b>	<b>17.5</b>	<b>16%</b>	<b>7%</b>
Non-controlling Interest	0.9	0.7	4.9	-82%	23%
<b>Adjusted PAT after minority interest</b>	<b>19.3</b>	<b>18.2</b>	<b>12.5</b>	<b>54%</b>	<b>6%</b>
<b>PAT margin (%)</b>	<b>8.5%</b>	<b>10.1%</b>	<b>6.9%</b>	<b>1.6%</b>	<b>-1.6%</b>
Basic EPS	2.55	2.41	1.65		

Note: Kolte-Patil adopted Ind-AS framework starting Q1 FY17. Comparable prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.

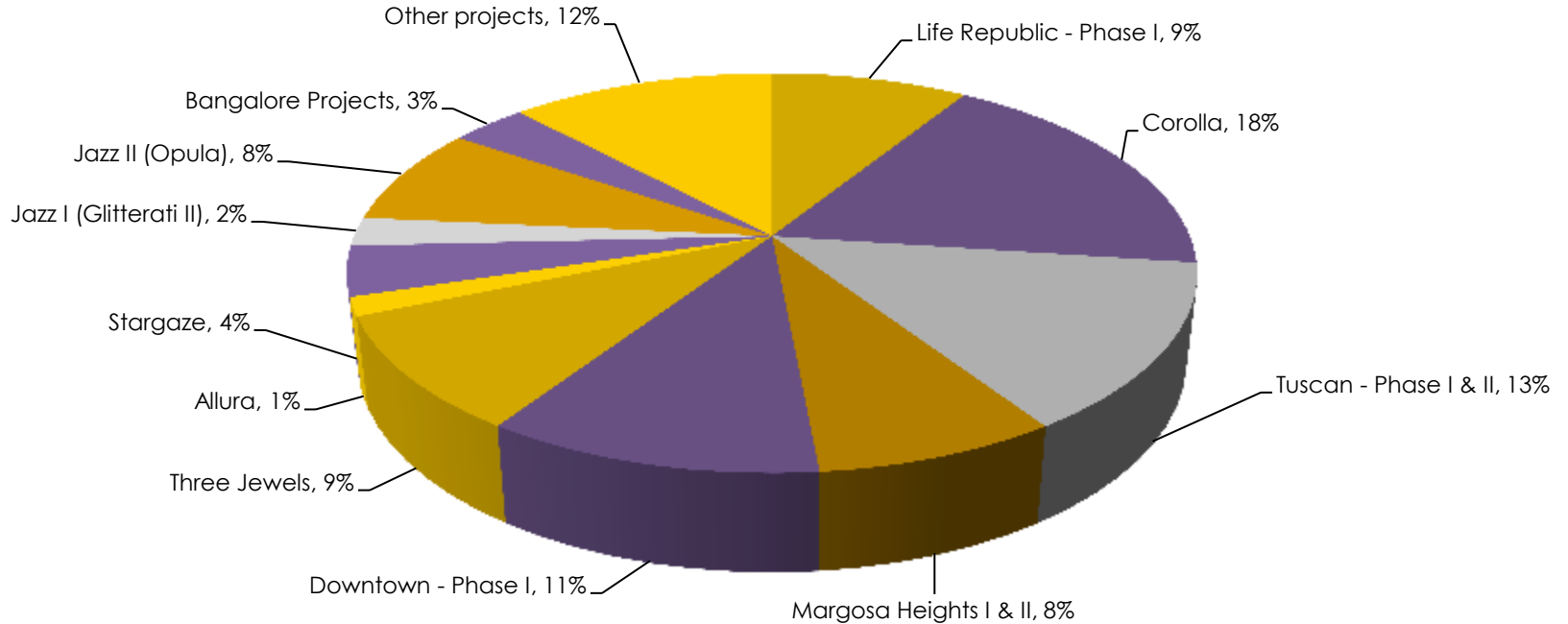
# Profit and Loss Snapshot – H1 FY17 vs H1 FY16

P&L Snapshot (Rs. crore)	Ind-AS (Unaudited)		
	H1 FY17	H1 FY16	YoY (%)
<b>Total operating income</b>	<b>405.8</b>	<b>370.1</b>	<b>10%</b>
Total Expenses	296.7	282.3	5%
<b>EBITDA</b>	<b>116.2</b>	<b>94.3</b>	<b>23%</b>
<b>EBITDA Margin (%)</b>	<b>28.6%</b>	<b>25.5%</b>	<b>3.1%</b>
EBIT	109.1	87.8	24%
EBIT Margin (%)	26.9%	23.7%	3.2%
Other income	3.6	6.7	-46%
Finance costs	42.1	38.2	10%
<b>Profit before tax</b>	<b>70.6</b>	<b>56.3</b>	<b>25%</b>
Taxes	31.4	26.0	21%
<b>Profit after tax</b>	<b>39.2</b>	<b>30.3</b>	<b>30%</b>
Non-controlling Interest	1.7	3.9	-58%
<b>Adjusted PAT after minority interest</b>	<b>37.5</b>	<b>26.4</b>	<b>42%</b>
<b>PAT margin (%)</b>	<b>9.3%</b>	<b>7.1%</b>	<b>2.1%</b>
Basic EPS	4.96	3.48	

Note: Kolte-Patil adopted Ind-AS framework starting Q1 FY17. Comparable prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.

# Revenue Recognized in Key Projects – Q2 FY17

## Revenue Breakup – Rs. 226 cr



# Consolidated Debt Profile

Balance Sheet Snapshot (Rs. crore)	30 <sup>th</sup> Sep, 2016
	Ind-AS (Unaudited)
<b>Networth</b>	837
<b>Gross debt</b>	769
Less: OCD / CCD / OCRPS	234
<b>Debt</b>	535
Less: Cash & cash equivalents & Current Investments	67
<b>Net debt*</b>	468
<b>Net debt to equity</b>	0.56

*Note 1: Kolte-Patil adopted Ind-AS framework starting Q1 FY17 (unaudited). Comparable prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.*

# Business Outlook

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- ✦ The main focus of the Company in 2016-17 will be on execution. Overall cost efficiencies will be maintained at all project sites
- ✦ Initiatives like demonetisation, RERA and GST will lead to a level playing field and bring about consolidation in the sector and will benefit organized developers like KPDL
- ✦ Expected fall in interest rates will result in reduction in finance costs
- ✦ Going forward, increased contribution from asset-light Mumbai projects will enable ROCE expansion and increased average price realisations
- ✦ Company is also targeting launch of two projects at prime locations in Bengaluru, at Kormangala and Hosur Road respectively
- ✦ Focus on improving governance practices and organisational competences will be maintained, including RERA readiness initiatives

# Details of Ongoing Projects – Q2 FY2017

Gross Details (including partner's share)

Projects	Saleable Area (msf.)			Location	Area Sold (msf.)	Sales value (Rs. mn.)	Average Realization (Rs./sff.)	Collections (Rs. mn.)
	Gross	KPDL	KPDL					
Life Republic – Phase I & II	4.7	45%	2.1	Hinjewadi, Pune	0.09	457	5,263	212
Corolla - Phase I & II (Ivy Estate)	3.6	100%	3.6	Wagholi, Pune	0.10	451	4,374	377
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.02	151	6,732	180
Allura - Phase I	0.6	75%	0.4	Undri - NIBM, Pune	0.00	16	4,648	104
Allura - Phase II (24K Glamore)								
Margosa Heights I, II & III	1.0	50%	0.5	Mohamad Wadi, Pune	0.02	89	4,509	106
Downtown - Phase I & II	1.32	51%	0.7	Kharadi, Pune	0.04	286	6,834	258
Glitterati 24K	0.5	100%	0.5	Aundh Annexe, Pune	0.00	0	0	6
Green Olive Venture	0.2	60%	0.1	Hinjewadi, Pune	0.00	0	0	2
City Centre				Hinjewadi, Pune				
Cilantro	0.04	50%	0.0	Wagholi, Pune	0.01	45	4,057	49
City Bay	0.1	100%	0.1	Boat Club Road, Pune	0.00	0	0	
Giga Residency	0.4	100%	0.4	Viman Nagar, Pune	0.00	0	0	58
Wakad	1.3	100%	1.3	Wakad, Pune	0.07	440	6,059	184
Jazz I (Glitterati II) & Jazz II (Opula)	0.9	100%	0.9	Aundh, Pune	0.03	197	6,306	143
Atria	0.2	100%	0.2	Aundh, Pune	0.01	107	7,347	13
Three Jewels	1.0	100%	1.0	Kondhwa, Pune	0.06	303	5,000	220
Stargaze	0.5	62%	0.3	Bavdhan, Pune	0.04	251	6,245	187
24k Sereno (DMA)	0.6	100%	0.6	Baner, Pune	0.02	121	5,826	NA
KP Towers - Phase I (DMA)	0.5	100%	0.5	Kothrud, Pune	0.00	0	0	NA
<b>Total (Pune Projects)</b>	<b>18.3</b>		<b>13.7</b>		<b>0.53</b>	<b>2,913</b>	<b>5,514</b>	<b>2,101</b>
Ragga	0.65	100%	0.7	Hennur Road, Bengaluru	0.01	35	4,533	36
Mirabilis	0.80	70%	0.6	Horamavu, Bengaluru	0.02	100	4,811	73
Exente	0.59	100%	0.6	Hosur Road, Bengaluru	0.00	0	0	0
<b>Total (Bengaluru Projects)</b>	<b>2.0</b>		<b>1.8</b>		<b>0.03</b>	<b>135</b>	<b>4,736</b>	<b>109</b>
Link Palace Society	0.02	100%	0.0	Khar (W), Mumbai	0.00	0	0	103
Jai-Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.01	240	24,575	28
<b>Total Mumbai Projects)</b>	<b>0.2</b>		<b>0.2</b>		<b>0.010</b>	<b>240</b>	<b>24,575</b>	<b>131</b>
<b>Total (Pune + Bengaluru + Mumbai + Goa Projects)</b>	<b>20.9</b>	<b>76%</b>	<b>15.9</b>		<b>0.57</b>	<b>3,288</b>	<b>5,804</b>	<b>2,341</b>



# Forthcoming Projects / Future Development Potential

Forthcoming Projects	Saleable Area (msf.)		
	Gross	KPDL Share	KPDL Share
Life Republic Phase II	1.3	45%	0.6
24K Province	0.4	100%	0.4
Wakad	1.3	100%	1.3
Kondhwa Phase III	0.4	100%	0.4
Stargaze Phase II	0.6	62%	0.4
Downtown	0.5	51%	0.2
Corolla Phase III	1.3	100%	1.3
<b>Total</b>	<b>5.7</b>	<b>79%</b>	<b>4.5</b>

Future Development	Saleable Area (msf.)		
	Gross	KPDL Share	KPDL Share
Sanjivani Township, Urse, Pune	15.0	50.5%	7.6
Life Republic - Phase III	2.9	45%	1.3
Ghotawade, Pune	3.2	50%	1.6
Aundh, Pune	1.0	100%	1.0
Kalyani Nagar	0.6	100%	0.6
Boat Club Road, Pune	0.3	100%	0.3
Mumbai Projects	0.5	100%	0.5
<b>Total</b>	<b>23.5</b>		<b>12.4</b>

*Note: Saleable area based on current FSI norms and subject to change*

# About Kolte-Patil Developers Ltd.

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Kolte-Patil Developers Ltd. (BSE: 532924, NSE: KOLTEPATIL), incorporated in 1991, is a leading real estate company with dominant presence in the Pune residential market. Kolte-Patil is a trusted name with a reputation for high quality standards, design uniqueness, transparency and the delivery of projects in a timely manner. The company has developed and constructed over 50 projects including residential complexes, commercial complexes and IT Parks covering a saleable area of ~12 million square feet across Pune and Bengaluru.

Kolte-Patil markets its projects under two brands: 'Kolte-Patil' (addressing the mid-income segment) and '24K' (addressing the premium luxury segment). The Company has executed projects in multiple segments – standalone residential buildings and integrated townships. Several of the company's projects have been certified by the Indian Green Building Council (IGBC).

Consolidating its leadership position in Pune, the company forayed into the Mumbai market in 2013 focusing on low capital intensive society re-development projects. The company has already signed six projects till date at prime locations across the city.

The Company's long-term bank debt and non-convertible debentures have been rated 'A+ / Stable' by CRISIL, the highest rating accorded by CRISIL to any publicly listed residential real estate player in India.

For more details on Kolte-Patil Developers Ltd., visit [www.koltepatil.com](http://www.koltepatil.com).

## **For further information, please contact:**

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### **Mayank Singhee**

Kolte Patil Developers Ltd.,  
501, The Capital, BKC, Bandra (E), Mumbai  
Tel: +91 77700 10545  
Email: [mayank.singhee@koltepatil.com](mailto:mayank.singhee@koltepatil.com)

### **Shiv Muttoo / Varun Divadkar**

CDR, India  
Tel: +91 22 6645 1207 / 1222  
Email: [shiv@cdr-india.com](mailto:shiv@cdr-india.com) / [varun@cdr-india.com](mailto:varun@cdr-india.com)

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