



# KOLTE-PATIL DEVELOPERS LIMITED

Analyst and Investor Presentation – January 2018



## Disclaimer

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.

# Table of Contents

**1** Kolte-Patil Developers Overview

**2** Recent Developments

**3** Business Outlook

**4** Key Attributes/ Philosophies

**5** Awards & Recognition

**6** Project Details

# Kolte-Patil Developers Overview



**#1**

Residential real estate player in Pune  
*(Awarded as Most Reputed Brand in Pune)*

**2+**

Decades of presence

**15-25%**

Dividend Payout of Annual PAT

**>15<sub>MSF.</sub>**

of construction across Pune, Bengaluru and Mumbai

**CRISIL A+/STABLE**

Highest rated residential player

**DIVERSIFYING PRESENCE**

Mumbai and Bengaluru expected to grow to ~25% of sales by 2020

**PROFESSIONAL MANAGEMENT**

with diverse industry experience

## Diversifying Presence Across Key Growth Markets

### KPDL: FOCUS ON THREE MARKETS

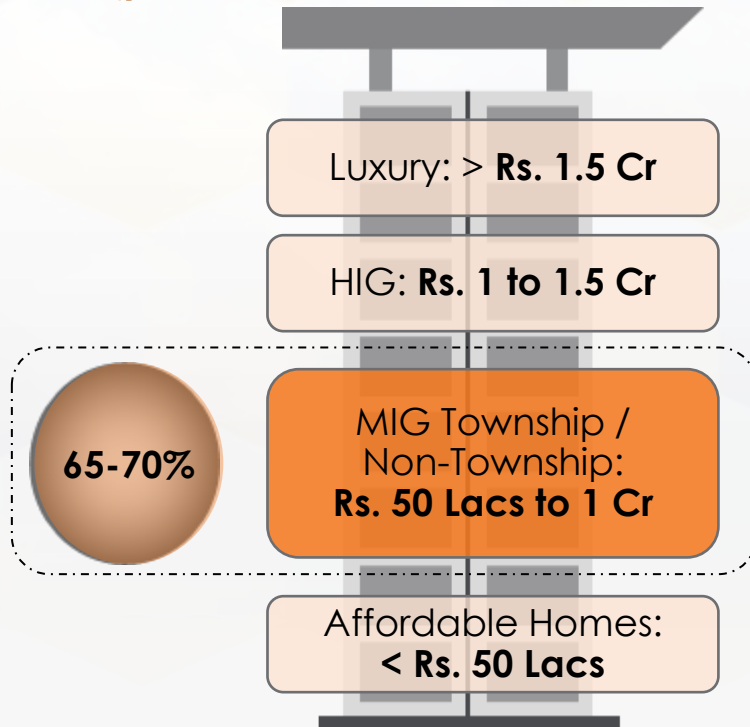
<b>Pune</b>	Extensive Pune presence	Undisputed market leadership	Steady margins, large volumes
<b>Mumbai</b>	Society redevelopment focus	One of the largest players in Mumbai in this segment	High ROCE, relatively small volumes
<b>Bangalore</b>	Attractive locations	Residential focus	Land cost, attractive arbitrage opportunity

- ▶ Mumbai and Bengaluru expected to be additional growth engines from FY18 onwards
- ▶ Proportion of revenues from Mumbai and Bengaluru is expected to grow to ~25% by 2020 from ~10% in FY17

# Pune Presence across Growth Markets and Price Points

## *Flexibility Based On Demand*

Targeting MIG audience which is the pulse of the Pune market, a market with diverse economic drivers



**Delivering the Right Product, at the Right Place, with the Right Positioning**



# Mumbai Redevelopment Projects in Prime Locations

## KPDL Positioning

- ✚ Mumbai being a land-locked city makes redevelopment the most preferred mode of development going forward and represents a huge opportunity
- ✚ KPDL's Mumbai entry was timed with the changes in the Development Control Rules, 2013 (DCR, Section 79 A) making it a level-playing field for all developers
  - ❑ Synergies to existing Pune business
  - ❑ Facilitates margin expansion
  - ❑ Reduces working capital cycle
  - ❑ Geographical diversification - establish strong brand in Mumbai
- ✚ Low capital commitment with payment of the corpus fund and rental to the tenants linked to approvals
- ✚ Focus on redevelopment projects; no SRA projects
- ✚ Within a short period, KPDL has established itself as one of the largest listed real estate company in society redevelopment space in Mumbai

**Signed 14 redevelopment projects till date with total saleable area of ~1.4 msf.  
spread across premium locations in western suburbs**



# Mumbai Redevelopment Framework

Phase	Sub-procedures:	Key milestones
<p><b>Phase 1</b></p> <p>Tender generation and qualification</p>	<p>1) Lead generation through magazines and newspapers, 2) Site visits to confer with society/ market study, 3) Liaising with PMC, 4) Tentative feasibility study, 5) Studying financial viability of the project</p>	<p>After generation of leads, the developer's team visits the location to understand the location and size of the land parcel along with assessing future potential for the land parcel. The team also interacts with society's members to understand the current occupancy status and the members' expectations in terms of the overall layout and timelines for the project.</p>
<p><b>Phase 2</b></p> <p>Purchasing tenders and obtaining consent</p>	<p>1) Purchasing the tender, 2) Understanding the tender conditions, 3) Submitting the tender 4) Compliance and 5) Three rounds of screening of the developer</p>	<p>Based on an initial assessment, the developer purchases the tender and analyses the terms and conditions of the tender. In case the developer meets the technical and financial conditions of the tender and is convinced about the potential of the Company profile and pre-qualification details, the developer needs to liaise with the PMC and provide all necessary details to qualify for getting the tender. Post this, there are three rounds of qualification. The first round involves screening, clearing the financial and technical qualifications. The second round involves screening of tenders post any revised offer being made by the shortlisted developers. The third and final round involves the final offer being made by the developers containing detailed layouts and floor plans with amenities.</p>
<p><b>Phase 3</b></p> <p>Obtaining requisite approvals and beginning execution</p>	<p>1) Obtaining the Lol, 2) Signing the development agreement, 3) Obtaining required approvals to commence construction</p>	<p>The society members decide the developer and give their consent based on the final plans submitted by the developer. Each society member is required to give his/her consent on camera/video and a copy of the video is submitted to registrar office. After obtaining the IoD (Intimation of Disapproval) and concessions for fungible FSI from the MCGM, the developer gives adequate notice to the existing residents to vacate the premises prior to demolition. Payment of the corpus fund and rental to the tenants is linked to approvals. After obtaining the Commencement Certificate (CC), the developer can go ahead with the construction of the building.</p>

### **KPDL Positioning**

- ✚ Bangalore city's residential demand is dominated by an immigrant salaried employee class working and a strong end-user market with stable market
- ✚ KPDL's presence in the Bengaluru market which provides geographical diversification in another volume driven market
- ✚ Increased traction to expand Bengaluru share in KPDL portfolio
- ✚ Ongoing/planned projects to the tune of over 2.0 msf. at prime locations like Hennur Road, Koramangala, Horamavu and Hosur Road
- ✚ Strategic objective is to enhance presence in Bengaluru thereby further de-leveraging the portfolio concentration

# Recent Developments



# 12 Recent Developments

## Financial Achievements

- ✚ After recording the highest ever revenue in its history of Rs. 965.6 crore and PAT of Rs. 87.2 crore in FY17, momentum sustained in H1 FY18 with revenue growth of 57% YoY to Rs. 635.5 crore and PAT growth of 41% YoY to Rs. 52.8 crore
- ✚ Company has remained focused on operational excellence and execution momentum

## Credit Rating

- ✚ Successfully retained CRISIL A+ / Stable rating (highest rated residential real estate developer in CRISIL universe) despite market and sector turbulence

## Marquee PE/Capital Market Investors

- ✚ Global investment firm KKR has committed Rs. 193 crore in R1 sector of Life Republic, Pune
- ✚ Previously had entered into Rs. 120 crore agreement with an affiliate of J.P. Morgan Asset Management for its redevelopment project, Jay-Vijay Society, in Ville Parle (E), Mumbai
- ✚ Goldman Sachs owns 4.3% equity while Pabrai Funds owns 4.8% equity as on 31<sup>st</sup> December, 2017

## Technological Advancements

- ✚ Undertook several crucial technological initiatives and improvements including C4C implementation, BCM Integration with SAP/Advance CRM, formation of centralized call centre enabling high quality monitoring and better lead nurturing, along with Bengaluru SAP implementation

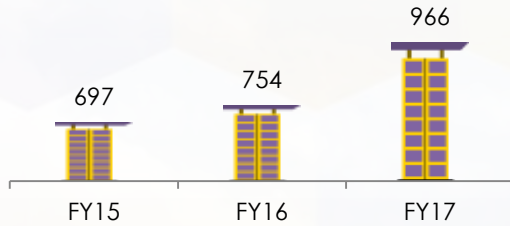
## Success of Sales & Marketing Initiatives

- ✚ 'Biggest Home Hunt from Kolte-Patil' in Pune, offering homes at various stages of construction, ranging from Rs 33 lakh to Rs 4 crore providing customers with the Biggest Choice, Biggest Price Range, Biggest Inventory and Biggest Offers
- ✚ 'The Great Year End Sale' at Life Republic project in Pune wherein apartment buyers could avail 1 BHK at Rs. 29.89 lakh and 2 BHK at Rs. 45.26 lakh with guaranteed possession before 31<sup>st</sup> December, 2020 along with several attractive benefits
- ✚ 'RTMI' and 'Launch Price' campaigns also received good response
- ✚ Incubated new sales channels such as CP, International , ROI/ROM and cross sales based out of Mumbai – delivering 360 degree results

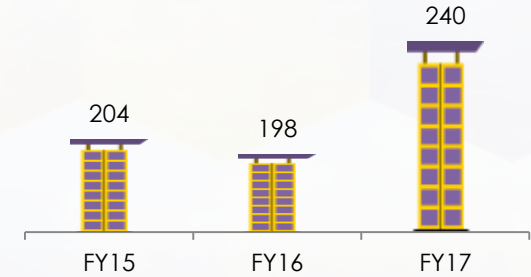


# Improving Financial & Operational Trends

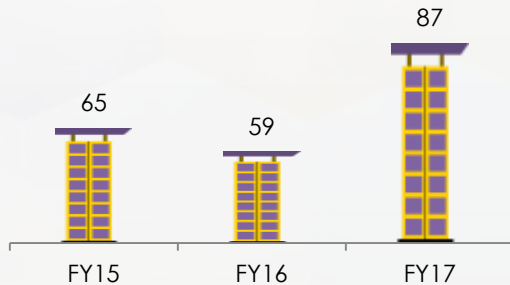
## Revenue, Rs. Crore



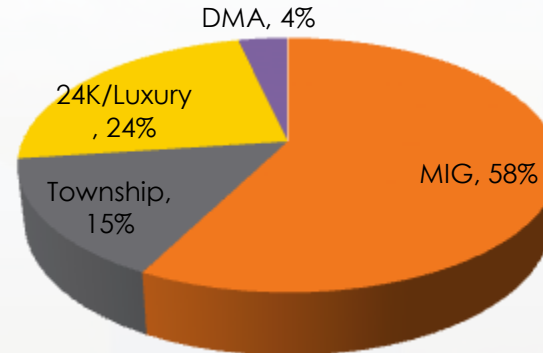
## EBITDA, Rs. Crore



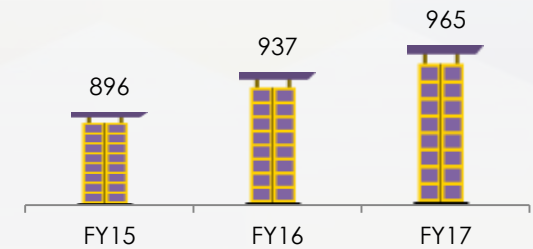
## PAT, Rs. Crore



## Sales Mix



## Total Collections, Rs. Crore



Note: FY15 numbers are IGAAP; FY16/17 numbers are on Ind-AS basis.

# Business Outlook





# Business Outlook

## Improving consumer confidence

- Based on RERA-compliant business environment, supported by low home loan interest rates – resulting in uptick in sales and collections

## Sector consolidation

- Implementation of RERA and GST has consolidated demand to organized, execution-focused developers like KPDL

## Strategic capital availability

- Visibility of growth capital from strategic financial partners is supporting project momentum and positioning KPDL for sustained growth

## Consolidating dominant presence in Pune

- KPDL is leveraging its strong brand name/market position to accelerate development and launch subsequent phases of ongoing projects

## Strong pipeline of projects in Mumbai

- 1.4 msf across 14 redevelopment projects in Mumbai requiring low capital deployment, synergistic with Pune leadership, facilitating PAT and ROCE expansion

## Bengaluru now additional engine of growth

- Launched Exente, Hosur Road; Koramangala project to be launched in H2FY18

## Expansion in Affordable Housing projects

- ~3 msf in subsequent phases of existing projects Life Republic and Ivy Estate getting classified under Section 80 IB Affordable Housing Scheme wherein there will be zero tax outgo

## Business development initiatives

- Potential acquisition of 10-12 msf additional land bank through outright purchases/JDA with land owners – ~1.5 msf for luxury projects, ~3.5 -4 msf for affordable housing, remaining for MIG housing

## Focus on execution, collections and cash flows

- Asset light growth based on leverage of strong balance sheet to drive profitable growth, expanding ROCE

## Fund raising plans

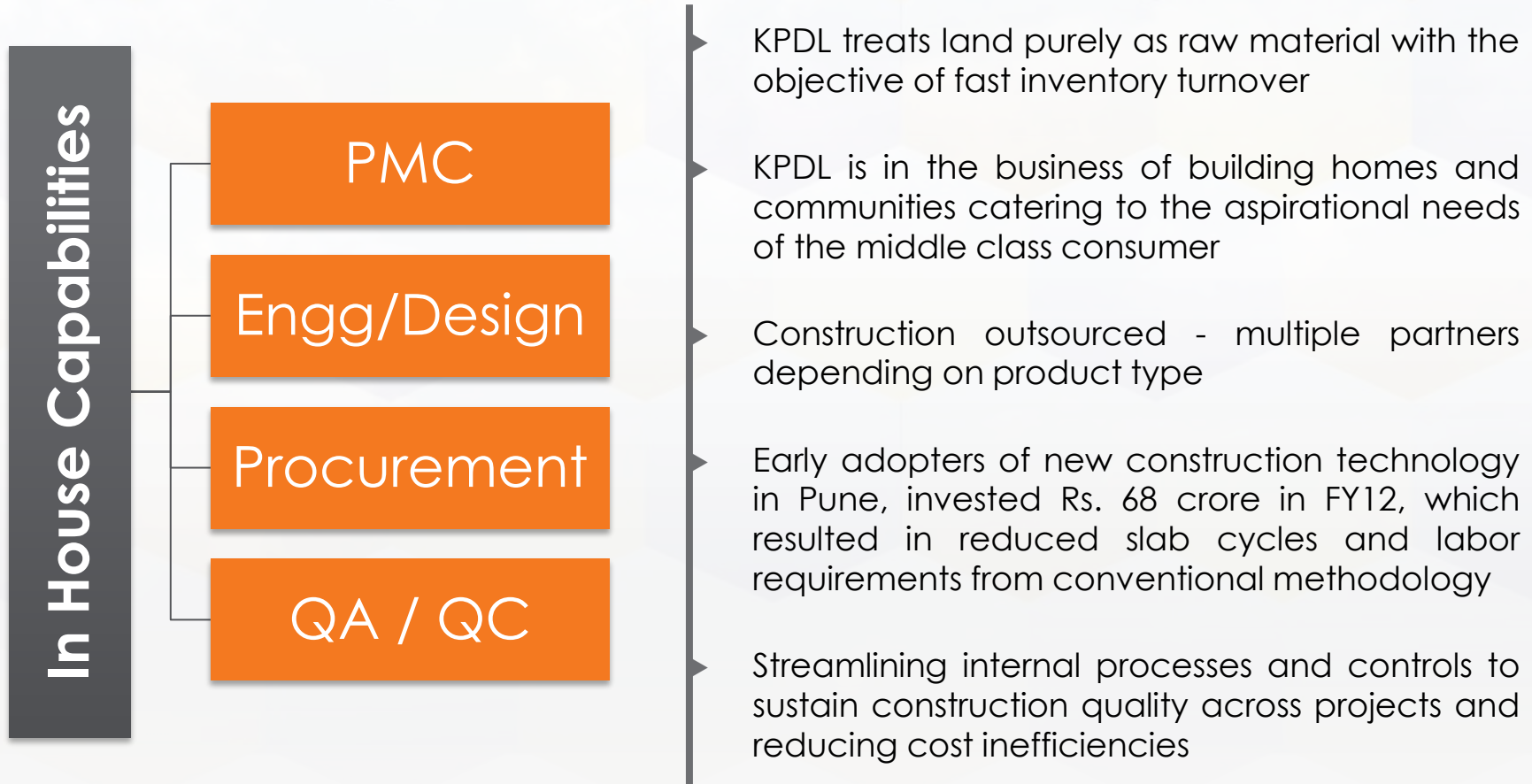
- Board has passed an enabling resolution/s for fund raising up to Rs. 500 crore by various modes



# Key Attributes/ Philosophies



## Execution Focused – Land is a Key Raw Material



## Strong Brand Presence in Pune

Leading residential real estate brand in Pune

Well-reputed, trusted brand name that has delivered over 13 msf. in Pune

Homes bought on track record, brochures, 'blue print' making it a trust/credibility decision

Reputational advantage enables KPDL to extract pricing premium, better payment terms and/or greater sales velocity










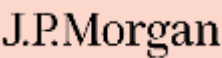


Kolte-Patil has leveraged its brand to enter into the Mumbai market and fee-based Development Management Agreement (DMA) model in Pune

Customer purchases through mobile app and through online platforms testimony to market trust

## Customer-Centric Approach

- ▶ Delighting customer through timely delivery and execution the key
- ▶ Selling to what is promised as far as specs etc. is concerned
- ▶ Treating real estate as a consumption business - selling large volumes of a product which is a basic human necessity through a strong sales and marketing network, leveraging strong brand presence and replenishing inventory which is utilized
- ▶ Asset management team in place to rent, sell, lease properties - extending customer relationship cycle and creating goodwill

## Key Financial Partnerships

Name of Entity	Name of Projects	Stake of PE Fund	Location	Area (acres)
Tuscan Real Estate Pvt. Ltd.		49% 	Kharadi, Pune	13
Kolte-Patil I-Ven Townships (Pune) Ltd		50% 	Hinjewadi, Pune	383
Kolte-Patil Real Estate Pvt Ltd		49% 	Kharadi, Pune	42
Snowflower Properties Pvt Ltd		70%* 	Kondhwa, Pune	14
Jay-Vijay Society		~36% 	Ville Parle-E, Mumbai	2
Kolte-Patil I-Ven Townships (Pune) Ltd - R1 Sector		~33% 	Hinjewadi, Pune	11

- Kolte-Patil – Portman Holdings 50:50 JV completed its Margosa Heights project in Pune in September 2016, generating an IRR of 36% and a money multiple of 3.1 times for itself and its JV partner, Portman Holdings, USA
- KKR has committed Rs. 193 crore in R1 sector of Life Republic, Pune

\*100% equity owned by KPDL; 70:30 profit sharing agreement between KPDL and ASK



## Robust Balance Sheet Delivering Capital Efficiencies

Balance Sheet Snapshot (Rs. crore)	30 <sup>th</sup> Sep, 2017	30 <sup>th</sup> Jun, 2017	31 <sup>st</sup> Mar, 2017
	Ind-AS (Unaudited)	Ind-AS (Unaudited)	Ind-AS (Audited)
Networth	<b>915</b>	899	863
Gross debt	<b>762</b>	775	758
Less: OCD / CCD / OCRPS	<b>229</b>	229	233
Debt	<b>534</b>	547	525
Less: Cash / cash equivalents & Current Inv.	<b>83</b>	95	73
Net debt	<b>451</b>	452	455
Net debt to equity	<b>0.49</b>	0.50	0.53
ROE (%) – (TTM)	<b>11.2%</b>	10.2%	10.1%
ROCE (%) – (TTM)	<b>14.9%</b>	14.3%	14.5%

- ▶ Conservative to debt financing
- ▶ CRISIL A+/Stable rating for the long-term bank facilities and non-convertible debentures
- ▶ Net debt/equity maintained at comfortable levels
- ▶ Asset-light approach
- ▶ Focus on spending aggressively on construction and outperforming delivery timelines

## Judicious Capital Allocation

- ▶ Focus on timing of cash flows through execution of multiple projects – constructing and delivering increasing square feet of area, adjusting prices as per demand
- ▶ Mitigating three types of risks
  - Litigation risk – acquiring land clear of title to ensure capital is not blocked
  - Regulatory risk – willing to pay more to acquire land with key approvals in place/working with land owner to obtain key approvals – payments linked to receipt of approvals
  - Macro risk – operating with low debt and focus on sales velocity and cash flows
- ▶ JV's to enable scale and internal discipline and processes
- ▶ Flexible, project-specific capital structuring philosophy based on cash flow and approval visibility
- ▶ Foray in Mumbai through capital-light society redevelopment and after change in DCR rules that made the entire engagement process more process-oriented
- ▶ DMA, another capital light approach, adding fee-income to revenue stream, leveraging strong brand presence and timely execution track record



# Committed to Operational Excellence

## ROBUST SALES AND MARKETING STRATEGY; INVESTMENTS IN TECHNOLOGY

**DISHA implementation**  
(training and sales process standardization)

Invested in SAP / advanced CRM (centralized lead processing)>Advanced analytics (demographic / geographic / industry etc.)

Increasing sales from customers residing outside Pune (region-specific sales teams, incubated international sales channel, regional to national to international brand)

## DECLINING DELIVERY CYCLES

Advanced technology investments

Dedicated project wise funding lines

Stronger on-site delegation

Quicker construction

## ATTRACTIVE LIQUIDITY

Collection higher than payouts

Moderating overheads

One of the lowest sectoral gearings

Protected credit rating

Declining debt cost

## KOLTE-PATIL IS RECOGNIZED AS ONE OF INDIA'S MOST DEPENDABLE REALTY BRANDS



# Awards & Recognition



# Awards & Recognition



**LIFE REPUBLIC**  
Green Project of the year  
Realty Plus Conclave & Excellence  
Awards 2017



**LIFE REPUBLIC**  
Integrated Township of the year  
ABP News  
Real Estate Awards 2017



**TUSCAN**  
Marketing Excellence  
Times Network National Award 2017



**STARGAZE**  
Innovative Marketing Concept  
of the year  
Realty Plus 2017

# Awards & Recognition



# Project Details



# Details of Ongoing Projects – Q2 FY2018

Gross Details (including partner's share)

Projects	Saleable Area (msf.)			Location	Area Sold (msf.)	Sales value (Rs. mn.)	Average Realization (Rs./sft.)	Collections (Rs. mn.)
	Gross	KPDL	KPDL					
Life Republic - Phase I & II	4.0	45%	1.8	Hinjewadi, Pune	0.05	249	4,835	264
Ivy Estate - Phase I & II	3.6	100%	3.6	Wagholi, Pune	0.10	419	4,280	243
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.04	256	6,905	96
Allura - Phase I & II (24K Glamore)	0.6	75%	0.4	Undri - NIBM, Pune				
Margosa Heights I, II & III	1.0	50%	0.5	Mohamad Wadi, Pune	0.003	14	4,607	44
Downtown - Phase I & II	1.3	51%	0.7	Kharadi, Pune	0.04	231	6,228	229
Giga Residency	0.4	100%	0.4	Viman Nagar, Pune				
Western Avenue	1.3	100%	1.3	Wakad, Pune	0.14	873	6,147	241
Jazz I (Glitterati II) & Jazz II (Opula)	0.9	100%	0.9	Aundh, Pune	0.06	378	6,507	162
Three Jewels*	1.0	70%	0.7	Kondhwa, Pune	0.03	168	5,036	294
Rutu Bavdhan (Stargaze)	0.5	62%	0.3	Bavdhan, Pune	0.03	167	6,056	134
Other Projects (including DMA)	2.1	95%	2.0		0.02	165	6,734	54
<b>Total (Pune Projects)</b>	<b>17.6</b>		<b>13.1</b>		<b>0.51</b>	<b>2,920</b>	<b>5,701</b>	<b>1,761</b>
Ragga	0.65	100%	0.7	Hennur Road, Bengaluru	0.014	69	4,965	44
Mirabilis	0.80	70%	0.6	Horamavu, Bengaluru	0.037	192	5,157	87
Exente	0.59	100%	0.6	Hosur Road, Bengaluru	0.020	107	5,430	3
<b>Total (Bengaluru Projects)</b>	<b>2.0</b>		<b>1.8</b>		<b>0.07</b>	<b>368</b>	<b>5,196</b>	<b>134</b>
Link Palace Society	0.0	100%	0.0	Khar (W), Mumbai				
Jai-Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.002	49	22,884	93
Sagar Vaibhav Society	0.1	100%	0.1	Dahisar (W), Mumbai				
<b>Total Mumbai Projects</b>	<b>0.3</b>		<b>0.3</b>		<b>0.002</b>	<b>49</b>	<b>22,884</b>	<b>93</b>
<b>Total (Pune + Bengaluru + Mumbai Projects)</b>	<b>19.9</b>	<b>78%</b>	<b>15.2</b>		<b>0.59</b>	<b>3,337</b>	<b>5,703</b>	<b>1,988</b>

\*100% equity owned by KPDL; 70:30 profit sharing agreement between KPDL and ASK

Note: Collections do not include contribution from DMA projects



# Forthcoming Projects / Future Development Potential

Forthcoming Projects	Saleable Area (msf.)		
	Gross	KPDL Share	KPDL Share
Life Republic Phase III	1.3	45%	0.6
24K Province	0.57	100%	0.57
Kormanagala	0.2	100%	0.2
Three Jewels Phase III	0.4	100%	0.4
Stargaze Phase II	0.6	62%	0.4
Downtown Phase III	0.5	51%	0.2
Ivy Estate Phase III	1.3	100%	1.3
<b>Total</b>	<b>4.9</b>	<b>76%</b>	<b>3.7</b>

Future Development	Saleable Area (msf.)		
	Gross	KPDL Share	KPDL Share
Life Republic - Phase IV^, Pune	14.7	45%	6.6
Ghotawade, Pune	3.2	50%	1.6
Aundh, Pune	1.0	100%	1.0
Kalyani Nagar, Pune	0.6	100%	0.6
Boat Club Road, Pune	0.3	100%	0.3
Mumbai Projects	1.2	100%	1.2
<b>Total</b>	<b>21.0</b>		<b>11.3</b>

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

^Total FSI potential is 1.7 in Life Republic; Current potential has been considered based on a FSI of 1.0



## About Kolte-Patil Developers Ltd.

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 ~15 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:*

### **Girish Zingade**

Kolte Patil Developers Ltd.,

201, City Point, Pune

Tel: +91 77700 17399

Email: [girish.zingade@koltepatil.com](mailto:girish.zingade@koltepatil.com)

---

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

CDR, India

Tel: +91 97637 02204 / +91 22 6645 1207

Email: [varun@cdr-india.com](mailto:varun@cdr-india.com) / [shiv@cdr-india.com](mailto:shiv@cdr-india.com)

---

