

Q1 FY2016 Results Presentation

Kolte-Patil Developers Limited



LEAPING
FORWARD



Disclaimer

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CEO's Message

Commenting on the performance for Q1 FY2016, Mr. Sujay Kalele, CEO, Kolte-Patil Developers Ltd. said,



"We have started the year on a steady note, recording sales of 0.50 msf. during the quarter, despite the sluggish on ground scenario in which consumer sentiment continues to be subdued. Our product portfolio has been well-designed with almost 80% of our inventory in the lower than Rs. 1 crore ticket size, which continues to find better visibility with buyers. During the quarter, we achieved strong average price realization of Rs. 6,057/sft, despite a significant sales contribution from the launch of Phase II of our Ivy Estate project, targeted towards the MIG segment. We expect our revenue and profit trajectory to improve going forward as a greater proportion of 100%-owned projects and higher margin projects hit revenue recognition threshold.

We are on a strong footing with a portfolio that has over 20 msf of projects with key approvals in place. We plan to activate these projects in the upcoming quarters, including the subsequent phases of Three Jewels and Life Republic which, along with Corolla Phase II, will be the key volume drivers for the company. We expect our sales trajectory to be buoyed with the large line up of projects expected to be launched in the upcoming quarters. We remain confident of being able to execute on our strategic vision of achieving our FY15-17 sales guidance of 12 msf."

Business updates in Q1 FY2016

New Sales Bookings / Collections

- Recorded 0.50 msf. of new sales bookings
- New sales value of Rs. 300 crore
- Average price realization (APR) at Rs. 6,057/sft.
 - APR for Pune at Rs. 6,178/sft.
 - APR for Mumbai at Rs. 21,395/sft.
- Collections were strong at Rs. 266 crore

Project Update

- Company has increased its stake in its project, Ivy Estate (Corolla), from 37% to 46.25%

DMA Update

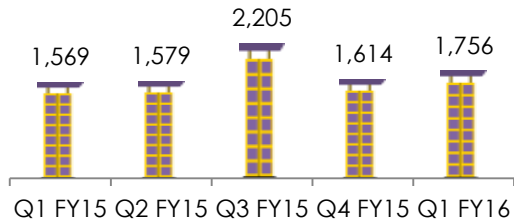
- Signed second DMA project, KP Towers, in Kothrud, Pune
- Saleable area of 0.55 msf.

Financial Performance

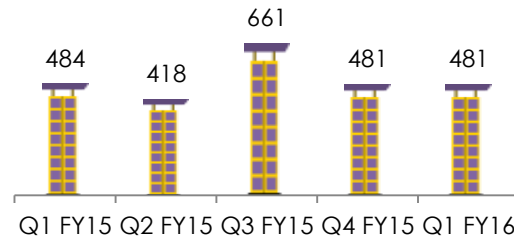
- Revenues at Rs. 176 crore in Q1 FY16, up 12% YoY
- EBITDA was flat at Rs. 48 crore in Q1 FY16
 - Higher S&M spends on account of Corolla Phase II launch this quarter
- PAT stood at Rs. 14.5 crore in Q1 FY16
 - Additional provisions made in Q1 FY16 to align with Ind-AS, applicable from FY17, impacted PAT by ~Rs. 3 crore
- Revenue & profitability to expand in the second half of the year as greater proportion of 100% owned projects and higher margin projects hit revenue recognition threshold (Three Jewels, Rutu Bavdhan, Giga Residency, Jazz, Corolla Phase II)

Performance Highlights

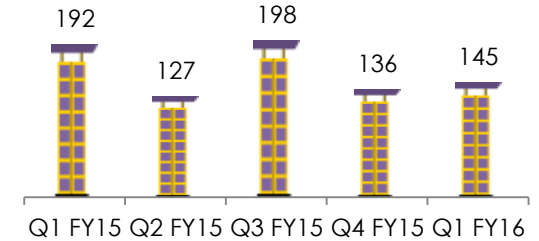
Revenue, Rs. mn



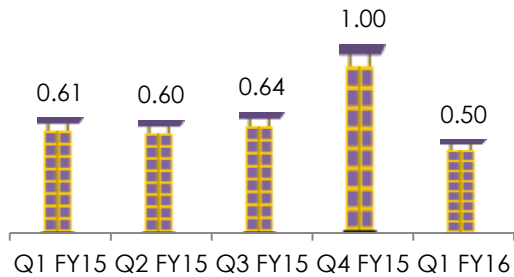
EBITDA, Rs. mn



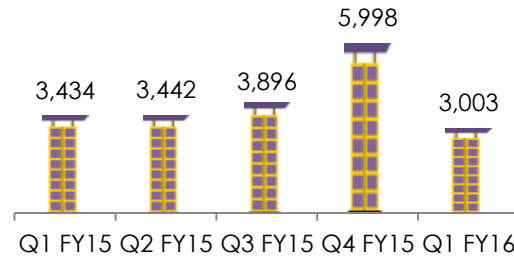
PAT, Rs. mn



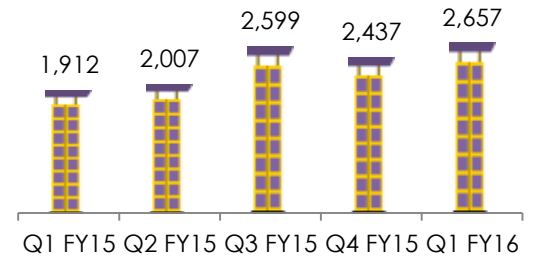
Sales Volume, million sq. ft



Sales value, Rs. mn

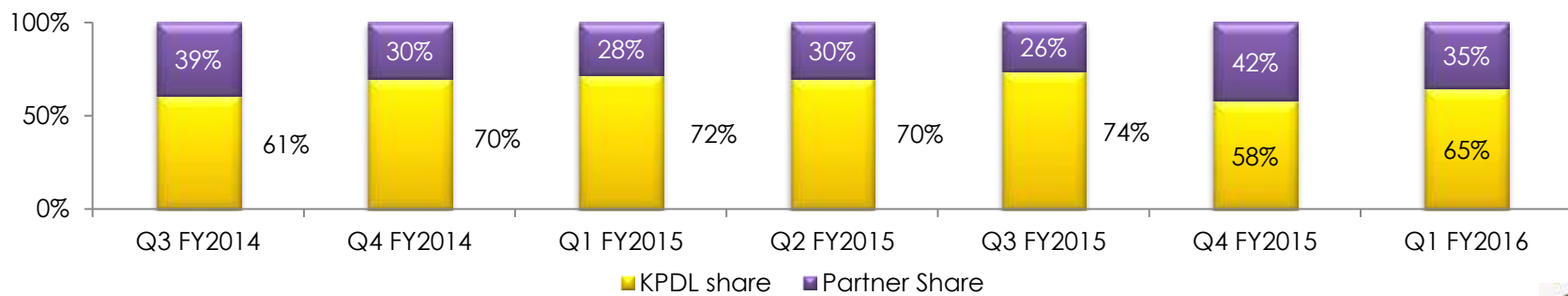
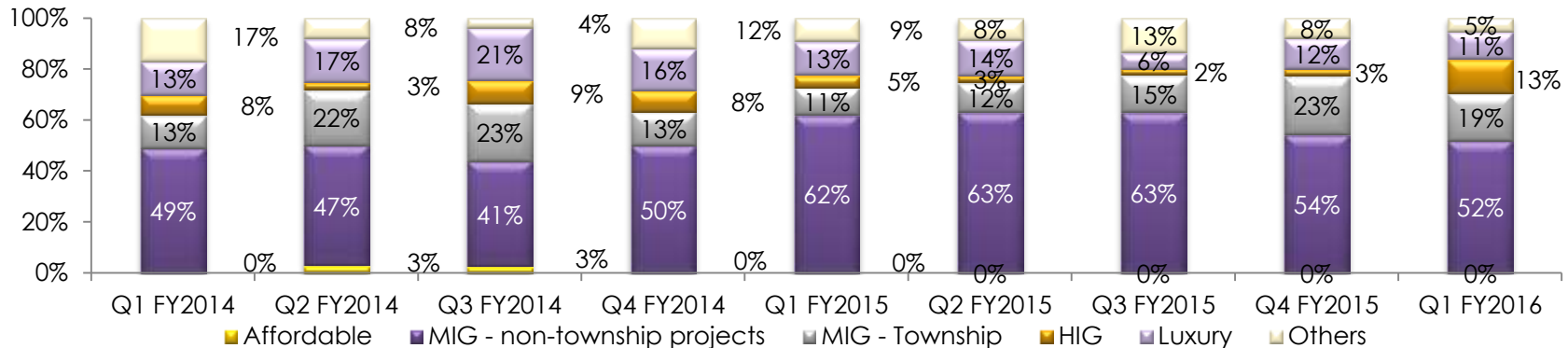


Total Collections, Rs. mn



New Sales Analysis – Q1 FY16

msf. 0.44 0.45 0.44 0.79 0.61 0.60 0.64 1.00 0.50



Profit and Loss Snapshot – Q1 FY16 vs Q1 FY15

P&L Snapshot (Rs. crore)	Q1 FY2016	Q1 FY2015	YoY (%)
Total operating income	175.6	156.9	11.9%
Total Expenses	129.9	111.0	17.0%
EBITDA	48.1	48.4	-0.7%
EBITDA Margin (%)	27.4%	30.9%	
EBIT	45.8	45.9	-0.3%
EBIT Margin (%)	26.1%	29.3%	
Profit before tax	35.3	41.6	-15.0%
Profit after tax	21.4	27.2	-21.2%
Minority Interest	7.0	8.0	-12.9%
Adjusted PAT (post MI)	14.5	19.2	-24.7%
PAT margin (%)	8.2%	12.3%	
Basic EPS	1.91	2.54	

Reasons for Variance

- Revenue pick up on account of increased contribution from Three Jewels, Kondhwa
- Higher S&M spends on account of Corolla Phase II launch this quarter
- Additional provisions made in Q1 FY16 to align with Ind-AS, applicable from FY17, impacted PAT by ~Rs. 3 crore
- Revenue and profit trajectory from H2 FY16 as greater proportion of 100% owned projects as well as higher margin projects hit the revenue recognition threshold – Three Jewels, Rutu Bavdhan, Giga Residency, Jazz, Corolla Phase II

Break-up of Finance Cost

Finance Cost (Rs. crore)	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15
Debentures	5.5	4.5	3.9	4.1	4.0
Non-Debentures	8.1	6.6	9.4	6.6	5.0
Total	13.6	11.1	13.3	10.7	9.0

- Debenture costs includes interest on debentures issued in Tuscan, Three Jewels and Life Republic projects
- Non-debenture finance cost includes interest on regular bank borrowings which is at an average of ~12%

Balance Sheet Perspective

Balance Sheet Snapshot (Rs. crore)	30 th June, 2015	31 st March, 2015	31 st March, 2014
Net Worth	860	857	806
Gross debt	328	306	337
Cash & cash equivalents	37	41	70
Current Investments	14	6	15
Net debt**	161	143	136
Inventories	1,476	1,467	1,269
Net debt/Equity (x)**	0.19	0.17	0.17
ROE (%)	7.0%	7.5%	11.4%
ROCE (%)	16.3%	15.3%	18.7%

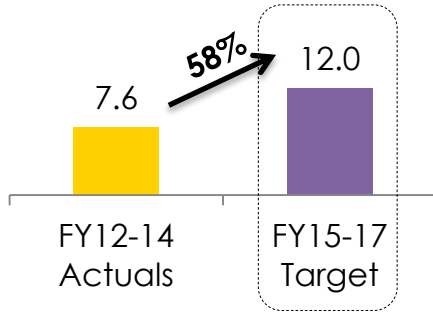
****Net debt figure given here excludes debentures of Rs. 116 crore (Rs. 34 crore in Tuscan and Rs. 82 crore in Kondhwa)**

Note - ROE = PAT/Networth; ROCE = EBIT/Capital Employed; ROE, ROCE are calculated on a TTM basis

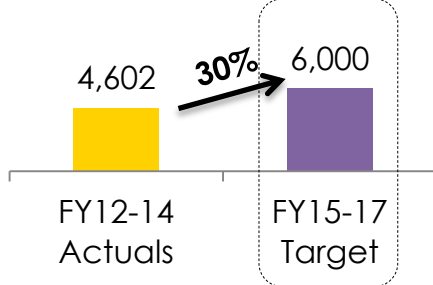
- *Gross debt includes Rs. 25 crore loan taken in the Downtown project in which KPDL has 51% economic interest*

3 Year Growth Outlook – FY2015-17

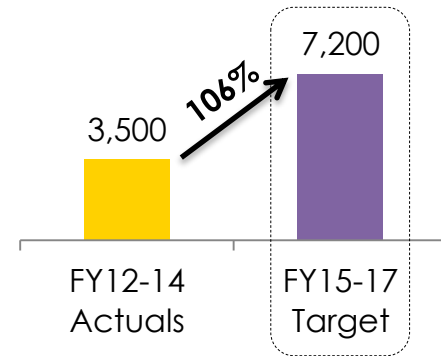
Sales volumes (msf.)



Average Price Realization (Rs./sff.)



Sales Value (Rs. crore)



3 Year Growth Outlook – FY2015-17

- ✦ Consolidate stronghold in a stable Pune market driven by strong employment and economic drivers
- ✦ Revenue and Profit trajectory to improve in FY2016 and FY2017 as greater proportion of 100% owned projects and higher margin projects including come up for revenue recognition
- ✦ To support significant volume growth owing to large number of project launches, Board has sanctioned a net debt to equity between 0.2-0.5x – approach to remain conservative based on future cash flow visibility
- ✦ Focus on reducing finance cost utilizing maiden credit rating (CRISIL A+/Stable)
- ✦ Leverage strong brand and execution capabilities to enter into Development Management Agreements (DMAs) in Pune and other regions
- ✦ Focus on strengthening corporate governance practices and increasing organizational competences through technology enablement and people training

Details of Ongoing Projects – Q1 FY2016

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	2.6	45%	1.2	Hinjewadi, Pune	0.06	364	5,762	465
Life Republic - Phase I - R3 Avenue	0.7	45%	0.3					
Corolla - Phase I & II	3.6	46%	1.7	Wagholi, Pune	0.14	667	4,727	218
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.01	62	7,055	98
Allura - Phase I	0.3	75%	0.2					
Allura - Phase II (24K Glamore)	0.3	75%	0.2	Undri - NIBM, Pune	0.03	122	4,789	130
Margosa Heights I, II & III	0.9	50%	0.5	Mohamad Wadi, Pune	0.03	114	4,484	83
Downtown - Phase I & II	1.8	51%	0.9	Kharadi, Pune	0.04	263	6,957	378
Glitterati 24K	0.5	100%	0.5	Aundh Annexe, Pune	0.001	19	21,598	21
Green Olive Venture	0.1	60%	0.1	Hinjewadi, Pune	0.002	10	6,496	11
City Centre	0.1	60%	0.1	Hinjewadi, Pune	0.00	0		2
Cilantro	0.04	50%	0.0	Wagholi, Pune	0.00	0		14
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	0.02	343	15,658	543
Wakad	2.3	100%	2.3	Wakad, Pune	0.01	36	6,192	-2
Jazz I (Glitterati II) & Jazz II (Opula)	0.9	100%	0.9	Aundh, Pune	0.02	139	6,471	114
Atria	0.2	100%	0.2	Aundh, Pune	0.00	0		12
Kondhwa	1.4	100%	1.4	Kondhwa, Pune	0.04	235	5,371	335
Rutu Bavdhan (codename: Stargaze)	1.1	62%	0.7	Bavdhan, Pune	0.02	165	6,920	71
24K Sereno (DMA)	0.6	100%	0.6	Baner, Pune	0.02	151	8,444	NA
KP Towers - Phase I (DMA)	0.5	100%	0.5	Kothrud, Pune	0.01	63	9,404	NA
Total (Pune Projects)	19.2		13.0		0.45	2,753	6,178	2,494
Ragga	0.7	100%	0.7	Hennur Road, Bengaluru	0.01	59	4,201	54
Mirabilis	0.9	70%	0.6	Horamavu, Bengaluru	0.03	142	4,872	100
Total (Bengaluru Projects)	1.6		1.3		0.04	201	4,655	154
Link Palace Society	0.02	100%	0.0	Khar (W), Mumbai	0.00	0		0
Jai-Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.001	24	21,395	5
Total (Mumbai Projects)	0.2		0.2		0.001	24	21,395	5
Goa	0.1	73%	0.1		0.01	25	4,337	4
Total (Pune + Bengaluru + Mumbai + Goa Projects)	21.0	69%	14.6		0.50	3,003	6,057	2,657



Details of Ongoing Projects - till 30th June 2015

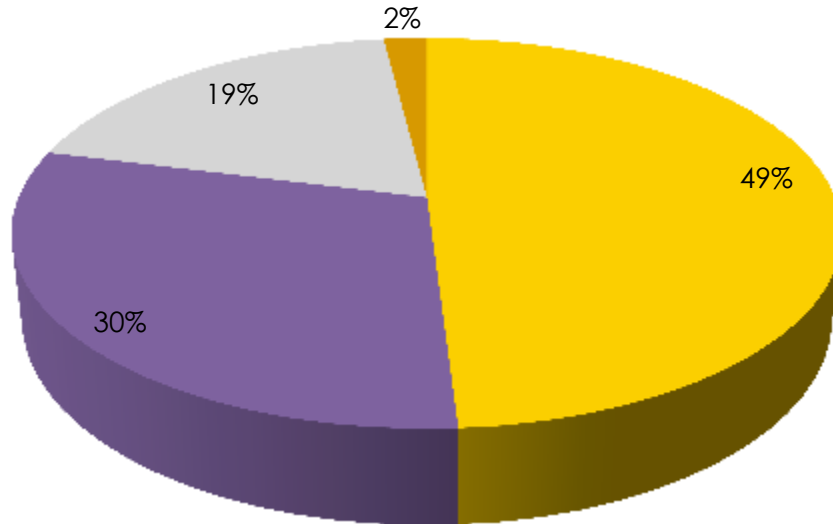
Gross Details (including partner's share)

Projects	Saleable Area (msf.)			Location	Area Sold (msf.)	Sales value (Rs. mn.)	Average Realization (Rs./sft.)	Collections (Rs. mn.)
	Gross	KPDL Share	KPDL Share					
Life Republic - Phase I	2.6	45%	1.2	Hinjewadi, Pune	3.33	14,544	4,371	11,705
Life Republic - Phase I - R3 Avenue	0.7	45%	0.3	Hinjewadi, Pune				
Corolla - Phase I & II	3.6	46%	1.7	Wagholi, Pune	2.48	8,673	3,492	6,462
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.55	2,924	5,336	2,486
Allura - Phase I	0.3	75%	0.2	Undri - NIBM, Pune	0.55	2504	4526	2205
Allura - Phase II (24K Glamore)	0.3	75%	0.2	Undri - NIBM, Pune				
Margosa Heights I, II & III	0.9	51%	0.5	Mohamad Wadi, Pune	0.97	3,660	3,768	3,155
Downtown - Phase I & II	1.8	51%	0.9	Kharadi, Pune	1.01	5,698	5,654	3,875
Glitterati 24K	0.5	100%	0.5	Aundh Annexe, Pune	0.48	2,402	5,052	2,274
Green Olive Venture	0.1	60%	0.1	Hinjewadi, Pune	0.12	500	4,103	554
City Centre	0.1	60%	0.1	Hinjewadi, Pune	0.05	312	6,222	201
Cilantro	0.0	50%	0.0	Wagholi, Pune	0.05	172	3,605	166
City Bay	0.1	100%	0.1	Boat Club Road, Pune	0.06	525	9,527	436
Giga Residency	0.4	100%	0.4	Miman Nagar, Pune	0.13	1,458	11,586	1,095
Wakad	2.3	100%	2.3	Wakad, Pune	0.21	1,369	6,544	366
Jazz I (Glitterati II) & Jazz II (Opula)	0.9	100%	0.9	Aundh, Pune	0.27	1,790	6,645	560
Atria	0.2	100%	0.2	Aundh, Pune	0.02	147	6,531	120
Kondhwa	1.4	100%	1.4	Kondhwa, Pune	0.59	2,948	5,021	1,001
Rutu Bavdhan (codename: Stargaze)	1.1	62%	0.7	Bavdhan, Pune	0.19	1,264	6,574	237
Ragga	0.7	100%	0.7	Hennur Road, Bengaluru	0.36	1,212	3,385	721
Alyssa	0.04	100%	0.0	Richmond Road, Bengaluru	0.04	360	8,281	360
Mirabilis	0.9	70%	0.6	Horamavu, Bengaluru	0.26	1,176	4,546	239
Link Palace	0.02	100%	0.02	Khar (W), Mumbai	0.01	223	33,769	108
Jay Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.01	244	21,338	73
Goa	0.1	73%	0.1		0.01	28	4,067	9
24k Sereno (DMA)	0.6	100%	0.6	Baner, Pune	0.07	551	8,297	
KP Towers	0.5	100%	0.5	Kothrud, Pune	0.03	283	9,839	
Total	21.1	69%	14.6		11.83	54,967	4,647	38,408



Split of Ongoing Projects by Ticket Size

Split of Projects by Ticket Size



79% of the inventory of ongoing projects is priced below Rs. 1 crore

- < Rs. 60 lakhs
- Rs. 60 lakhs - Rs. 1 crore
- Rs. 1 crore to Rs. 1.5 crore
- > Rs. 1.5 crore



Launch Pipeline

Projects	Area to be launched (net of pre-sales) (msf.)	Expected launch timeline	Remarks
Corolla	1.21	Q1 FY16(launched)	
Three Jewels	0.70	Q2 FY16	
Stargaze	0.85	Q2 FY16	
Wakad	1.22	Q2 FY16	Subject to approval
Downtown	0.51	Q2 FY16	
24K Province	0.73	Q2 FY16	
Life Republic R1 Sector	1.00	Q3 FY16	
Giga Residency	0.32	Q3 FY16	
Mumbai Projects	0.19	Q3 FY16	Subject to approval
Sanjivani Township (Pre Launch)	0.50	Q3 FY16	Expected approval of 6.0 msf.
Life Republic - Phase II	2.00	Q4 FY16	Expected approval of 6.9 msf.
Total	9.23		

~80% of the area to be launched will be in the below Rs. 1 crore ticket size

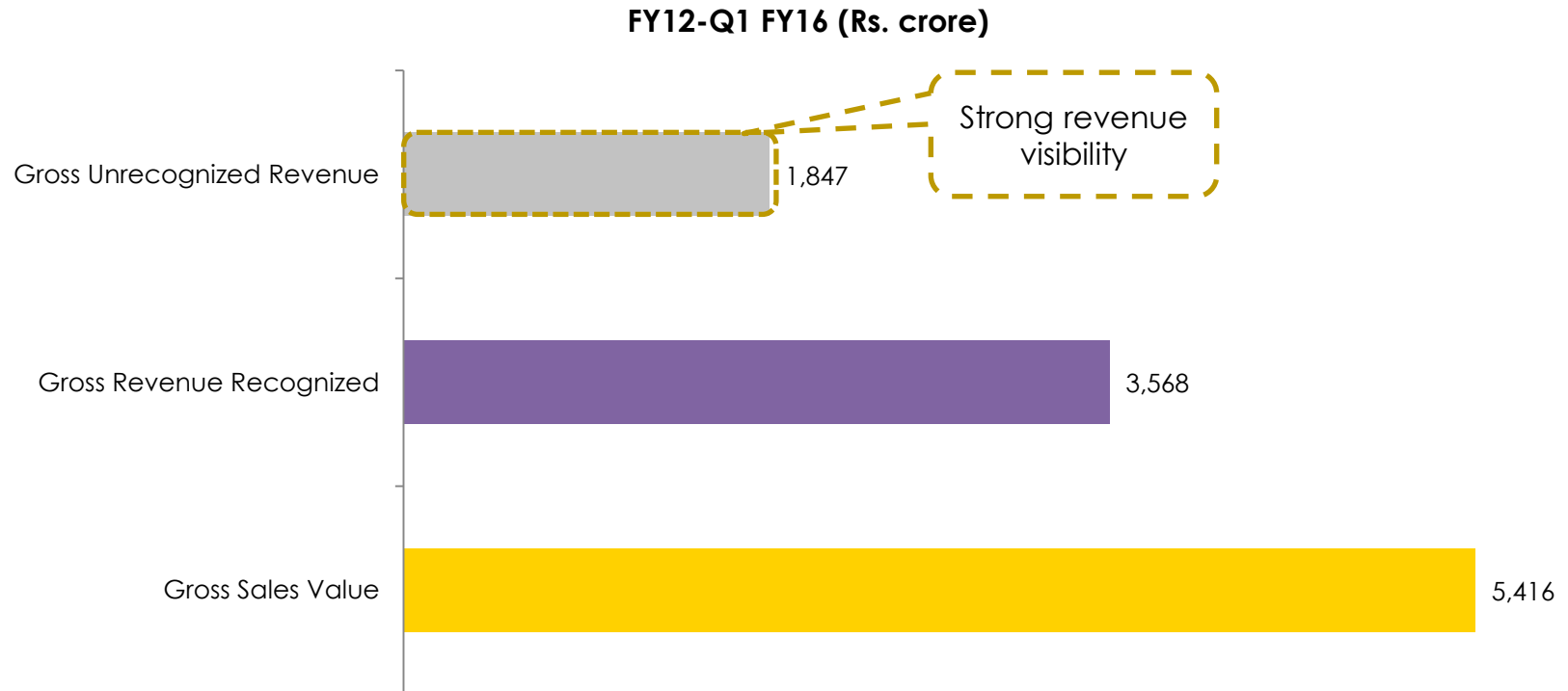
Revenue Recognized in Key Projects – Q1 FY16

Projects (Rs. Crore)	KPDL Revenue Recognized				
	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16
Life Republic - Phase I	27	34	26	0	6
Corolla - Phase I	8	8	6	5	6
Tuscan - Phase I & II	31	15	13	11	7
Margosa Heights I & II	12	15	8	11	6
Downtown - Phase I	18	33	75	66	31
Glitterati 24K	7	3	0	0	3
City Bay	6	0	8	0	0
Green Olive Venture	1	0	3	5	1
Giga Residency	0	0	0	22	7
Three Jewels	0	0	0	23	57
Other projects	47	50	82**	19	31
Total	157	158	220	161	176

**Revenue recognition of Rs. 36 cr from sale of ready, commercial project (Alyssa) in Bengaluru



Strong Revenue Visibility



Note 1: These are gross numbers including partner's share - ~80-85% will be recognized in KPDL books

Note 2: Gross Sales Value does not include contribution from DMA projects

Strong Revenue Visibility

Projects (Rs. Crore)	Cumulative Revenues Recognized (FY12 – Q1 FY16)	Cumulative Sales Value (FY12 – Q1 FY16)	Gross Revenue to be Recognized
Life Republic - Phase I	1,063	1,454	392
Corolla - Phase I	563	867	304
Tuscan - Phase I & II	236	292	57
Margosa Heights I & II	271	366	95
Downtown - Phase I	425	570	145
Jazz I & II	41	179	138
Glitterati 24K	217	240	23
City Bay	46	52	6
Giga Residency	29	146	117
Green Olive Venture	48	50	2
Three Jewels	23	295	272
Rutu Bavdhan (Stargaze)	5	126	121
Other projects	602	777	175
Total	3,568	5,416	1,847

Note – These are gross numbers including partner's share - ~75% will be recognized in KPDL books

Future Development Potential

Project	Title/MOU/DAPA /Saledeed/JV	Area (msf.)	KPDL Share (%)	KPDL Share (msf.)
Sanjivani Township, Urse, Pune Phase II	JV	9.0	50.5%	4.5
Ghotawade, Pune	JV	3.2	50%	1.6
Sadapur, Lonavala	JDA	4.0	33.30%	1.3
Lohgad, Lonavala	JDA	0.2	33.30%	0.1
Aundh, Pune	JV	1.0	100%	1.0
Kalyani Nagar	Owned	0.6	100%	0.6
Boat Club Road, Pune	Sale deed	0.3	100%	0.3
Total		18.3		9.4

About Kolte-Patil Developers Ltd.

Kolte-Patil Developers Ltd. (BSE:532924, NSE: KOLTEPATIL) is a leading Pune-based real estate company incorporated in 1991. Kolte-Patil is a well-reputed, 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 48 projects including 35 residential complexes, 9 commercial complexes, and 4 information technology parks covering a saleable area (KPDL share) of over 10 million square feet across Pune and Bengaluru.

The company has been accredited in the real estate and construction industry with an ISO 9001 (2008 series) certification since May 2002. The company has also fostered several long-term relationships with major financial institutions like ICICI Ventures and Yatra Capital, development and strategic partners like Portman Holdings, constructions partners like ANC Holdings (Dubai), real estate funds like ASK and individual investors as joint venture partners and co-investors in future projects. These partnerships are in line with the core strategy of equity led expansion, improve levels of corporate governance, increase sourcing and execution capabilities, help de-risk large scale project execution and facilitate expansion in newer markets.

Consolidating its leadership position in the Pune real estate market, the Company is expanding in the high demand Bengaluru market, leveraging 19 years of presence in this market. The company has also recently forayed into the Mumbai market where the initial market entry focus will be on low risk society re-development projects. The Mumbai foray is a long term strategy for the Company which will facilitate margin expansion going forward and reduce its working capital cycle.

The Company also believes in following best-in-class practices across every corporate decision. These include fairness in corporate practices, strong internal controls, managerial remuneration closely linked with earnings, maintaining conservative accounting practices and upholding minority shareholder interest across every decision. The Company has appointed Deloitte and KPMG as statutory and internal auditors respectively.

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Thank you

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