

Q4 & FY2017 Results Presentation

Kolte-Patil Developers Limited



**LEAPING
FORWARD**



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CEO's Message

Commenting on the performance for FY2017, Mr. Gopal Sarada, Group CEO, Kolte-Patil Developers Limited said:

"This has been a year of transition for the real estate sector with several positive initiatives undertaken by the government to spur consumer sentiment and boost demand. In the interim, there has been a lot of uncertainty leading to long decision making cycles. Despite the uncertainty, we have delivered a robust performance this year with a topline growth of 28% YoY to Rs. 966 crore while our net profit grew 48% YoY to Rs. 87 crore.

We have been able to maintain our sales volumes during these turbulent times as we recorded 2.1 million square feet of new area sales during the year, higher by 3% YoY. We have not deviated from our core focus on execution and cash flow discipline across all our projects. Collections have been strong to the tune of Rs. 965 crore in FY17, up 3% YoY, gradually increasing through every quarter this year. We have delivered 1,576 units during the year and we further have obtained OC for 650 units to be handed over in Q1 FY18.

Post the demonetisation impact in Q3, we have seen a quick recovery with sales rebounding to 0.55 million square feet. We have delivered our highest ever quarterly revenue and profit during the quarter. Topline grew of 63% YoY in Q4 FY17 to Rs. 333 crore, largely led by recognition at Life Republic, Corolla and first time recognition at Mirabilis in Bengaluru. Net profit also grew over 71% YoY to over Rs. 31.5 crore.

We are also delighted to announce the signing of our largest redevelopment project in Mumbai at Dahisar East with KPDL economic interest of 0.4 million square feet. The project has a strategic location in Dahisar East being well-connected to the Western Express Highway and in close proximity to the under-construction Metro VII project from Andheri East to Dahisar East, which has been recently extended to the Mumbai airport in the south and Mira-Bhayander in the north.

With several government initiatives in the form of infrastructure status to the affordable housing segment, Credit Linked Subsidy Scheme (CLSS) under PMAY, extending income tax benefits up to 60 square metres sized apartments, the implementation of the Real Estate (Regulation and Development) Act 2016 (RERA) and the announcement for Goods and Services Tax (GST), will bring in transparency and accountability and create a level-playing field. This sectoral transformation will benefit organised developers like us in the medium term. We expect the recent fall in home loan interest rates coupled with RERA introduction to lead to improved consumer confidence and demand. We will continue to maintain our thrust on execution and organizational efficiencies and utilize the positive operating cash flows to further strengthen our balance sheet."

Operational Highlights

New area sales	Q4 FY17	Q3 FY17	Q4 FY16	YoY	QoQ	FY17	FY16	YoY
Volume (million sq. ft.)	0.55	0.32	0.57	-3%	73%	2.09	2.04	3%
Value (Rs. million)	3,267	1,948	3,756	-13%	68%	12,202	12,626	-3%
Realization (Rs./Sq. ft.)	5,956	6,150	6,648	-10%	-3%	5,836	6,198	-6%
Collections (Rs. million)	2,542	2,470	2,609	-3%	3%	9,647	9,369	3%

Sales

- Uptick in sales momentum in Q4 FY17 post demonetization impact in Q3 FY17
- Life Republic, Corolla, Western Avenue and Three Jewels were the main contributors to sales volumes for Q4 as well as FY17

Collections

- Collections were higher by 3% in FY17 to Rs. 965 crore
- Collections have gradually increased through every quarter of the year

Price Realization

- Greater contribution from Life Republic Township led to fall in average price realization in Q4 FY17
- FY17 price realization were lower by 6% as FY16 sales included shops at Giga and Link Palace

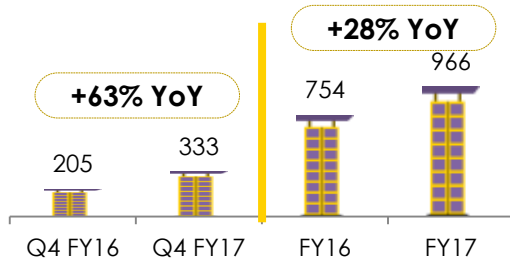
Dividend

- Board has recommended a final dividend of Rs. 1.60/share for FY17

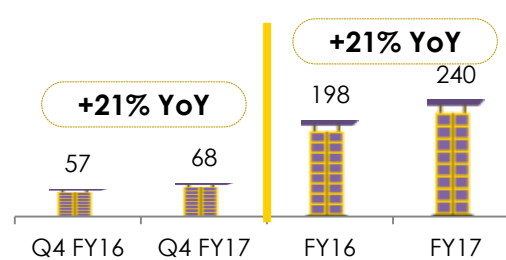
Performance Highlights

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.

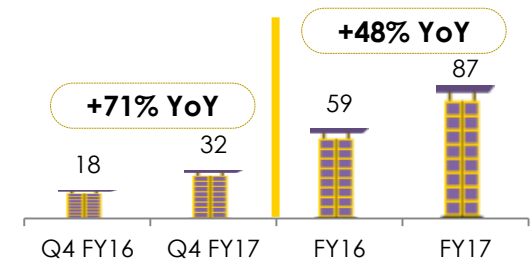
Revenue, Rs. Crore



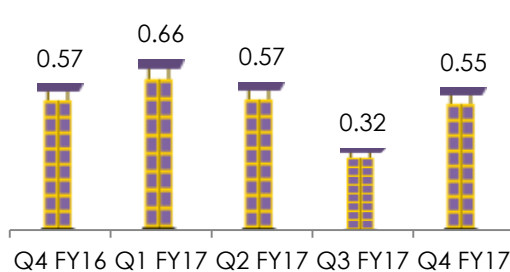
EBITDA, Rs. Crore



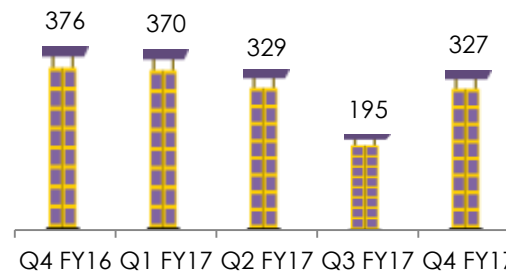
PAT, Rs. Crore



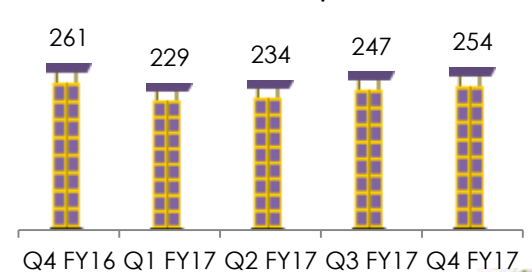
Sales Volume, million sq. ft



Sales value, Rs. Crore



Total Collections, Rs. Crore



New Sales Analysis – Q4 FY17

msf.

1.00

0.50

0.46

0.52

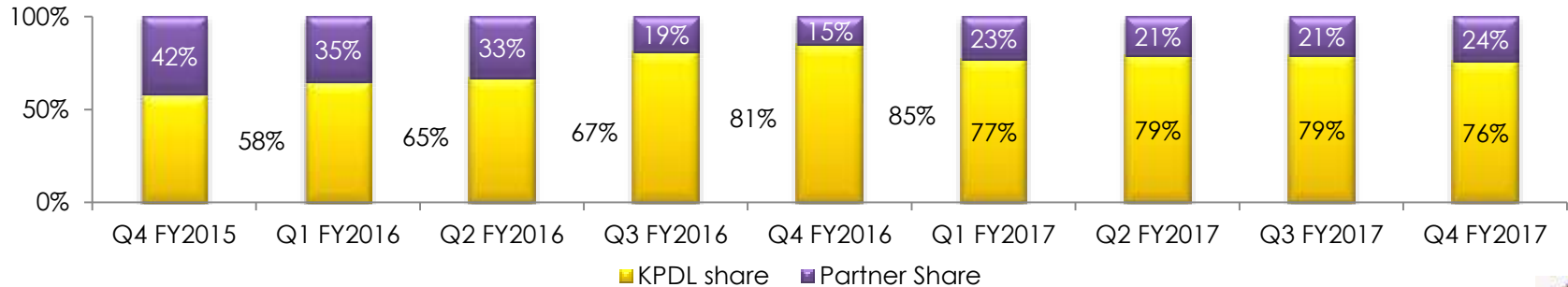
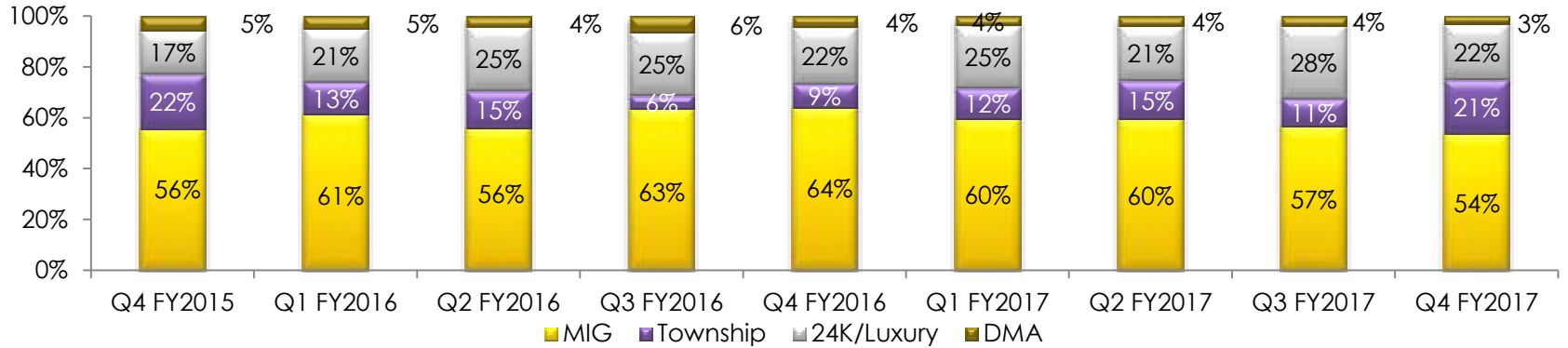
0.57

0.66

0.57

0.32

0.55



Ind-AS Impact on KPDL

- ✚ 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 – Q4 FY17 vs Q4 FY16

P&L Snapshot (Rs. crore)	Ind-AS		
	Q4 FY17	Q4 FY16	YoY (%)
Total operating income	333.4	205.1	63%
Total Expenses	269.2	153.4	76%
EBITDA	68.4	56.7	21%
EBITDA Margin (%)	20.5%	27.7%	-7.1%
EBIT	64.1	51.7	24%
EBIT Margin (%)	19.2%	25.2%	-6.0%
Other income	3.4	4.2	-18%
Finance costs	22.4	23.3	-4%
Profit before tax	45.2	32.6	39%
Taxes	15.4	14.5	6%
Profit after tax	29.8	18.1	65%
Non-controlling Interest	-1.7	-0.3	
PAT after minority interest	31.5	18.4	71%
PAT margin (%)	9.5%	9.0%	0.5%
Basic EPS (Rs.)	4.16	2.43	

Reasons for Variance

- Strong top line growth led by recognition at Life Republic, Corolla and first time recognition at Mirabilis in Bengaluru
- EBITDA margins impacted on account of contribution from lower margin projects, including Mirabilis (under JDA) and Wakad

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.

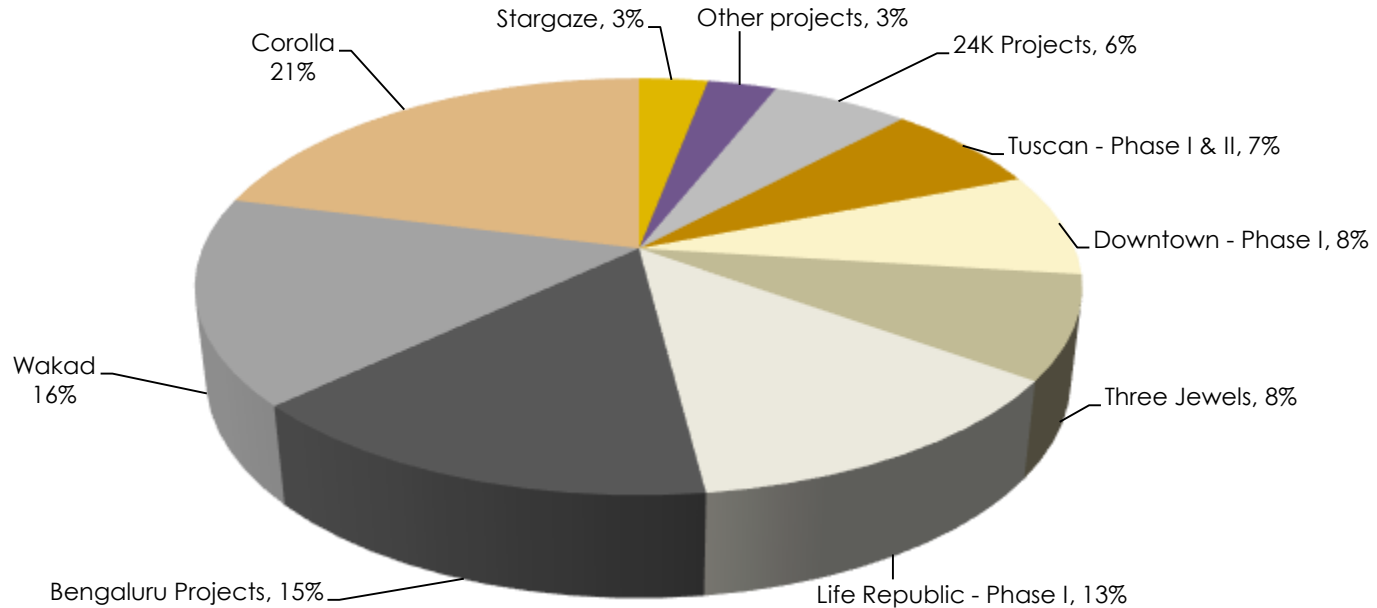
Profit and Loss Snapshot – FY17 vs FY16

P&L Snapshot (Rs. crore)	Ind-AS		
	FY17	FY16	YoY (%)
Total operating income	965.6	753.8	28%
Total Expenses	740.5	570.5	30%
EBITDA	240.0	198.4	21%
EBITDA Margin (%)	24.9%	26.3%	-1.5%
EBIT	225.2	183.2	23%
EBIT Margin (%)	23.3%	24.3%	-1.0%
Other income	8.2	16.5	-50%
Finance costs	86.0	84.0	2%
Profit before tax	147.3	115.7	27%
Taxes	62.4	53.5	17%
Profit after tax	84.9	62.3	36%
Non-controlling Interest	-2.3	3.4	
PAT after minority interest	87.2	58.9	48%
PAT margin (%)	9.0%	7.8%	1.2%
Basic EPS (Rs.)	11.51	7.77	

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.

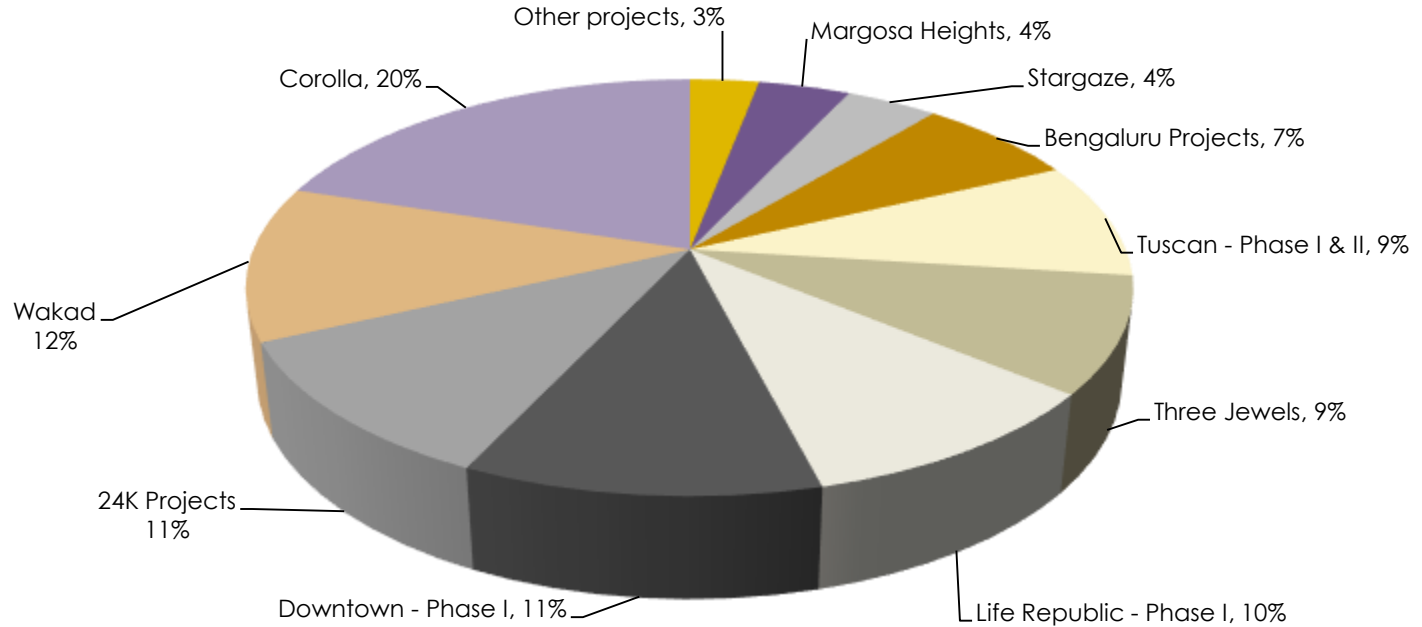
Revenue Recognized in Key Projects – Q4 FY17

Revenue Breakup – Rs. 333 cr



Revenue Recognized in Key Projects – FY17

Revenue Breakup – Rs. 966 cr



Consolidated Debt Profile

Balance Sheet Snapshot (Rs. crore)	31 st Mar, 2017	31 st Dec, 2016
	Ind-AS (Audited)	Ind-AS (Unaudited)
Networth	863	852
Gross debt	758	774
Less: OCD / CCD / OCRPS	233	234
Debt	525	541
Less: Cash & cash equivalents & Current Investments	73	82
Net debt	455	459
Net debt to equity	0.53	0.54

Note: Kolte-Patil adopted Ind-AS framework starting April 2016

Business Outlook

- ✦ To consolidate dominant presence in Pune, leveraging strong brand name
- ✦ Strong pipeline of projects in Mumbai over 1 msf, will facilitate PAT and ROCE expansion, and reduce working capital cycle for the Company, while providing synergies to the existing Pune operations
- ✦ Bengaluru to be an additional growth engine going forward with the launch of two projects at prime locations in Bengaluru, at Kormangala and Hosur Road respectively, expected in FY18
- ✦ Focus on execution and thrust on collections to be maintained
- ✦ 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
- ✦ Evaluating potential expansion in Affordable Housing within existing portfolio

Details of Ongoing Projects – Q4 FY2017

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	0.118	588	5,001	373
Corolla - Phase I & II (Ivy Estate)	3.6	100%	3.6	Wagholi, Pune	0.093	391	4,199	317
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.039	260	6,665	228
Allura - Phase I & II (24K Glamore)	0.6	75%	0.4	Undri - NIBM, Pune	0.005	23	5,154	23
Margosa Heights I, II & III	1.0	50%	0.5	Mohamad Wadi, Pune	0.004	22	5,925	45
Downtown - Phase I & II	1.32	51%	0.7	Kharadi, Pune	0.037	266	7,093	313
Giga Residency	0.4	100%	0.4	Viman Nagar, Pune				29
Wakad	1.3	100%	1.3	Wakad, Pune	0.077	491	6,389	430
Jazz I (Glitterati II) & Jazz II (Opula)	0.9	100%	0.9	Aundh, Pune	0.028	190	6,728	177
Three Jewels	1.0	100%	1.0	Kondhwa, Pune	0.050	268	5,389	137
Rutu Bavdhan (Stargaze)	0.5	62%	0.3	Bavdhan, Pune	0.038	239	6,308	143
Other Projects (including DMA)	2.1	95%	2.0		0.034	262	7,773	80
Total (Pune Projects)	17.6		13.4		0.52	3,001	5,750	2,294
Ragga	0.65	100%	0.7	Hennur Road, Bengaluru	0.004	21	4,622	63
Mirabilis	0.80	70%	0.6	Horamavu, Bengaluru	0.012	64	5,181	125
Exente	0.59	100%	0.6	Hosur Road, Bengaluru			0	
Total (Bengaluru Projects)	2.0		1.8		0.02	85	5,033	188
Link Palace Society	0.0	100%	0.0	Khar (W), Mumbai				31
Jai-Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.01	120	22,954	25
Sagar Vaibhav Society	0.1	100%	0.1	Dahisar (W), Mumbai	0.00	60	13,814	5
Total Mumbai Projects)	0.3		0.3		0.010	180	18,801	61
Total (Pune + Bengaluru + Mumbai Projects)	19.9	78%	15.5		0.55	3,267	5,956	2,542



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 Phase III	0.5	51%	0.2
Corolla Phase III	1.3	100%	1.3
Total	5.7	79%	4.5

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	1.3	100%	1.3
Total	24.3		13.7

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

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 ~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.

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