



KOLTE-PATIL DEVELOPERS LIMITED

Q3 FY2019 Results
Presentation

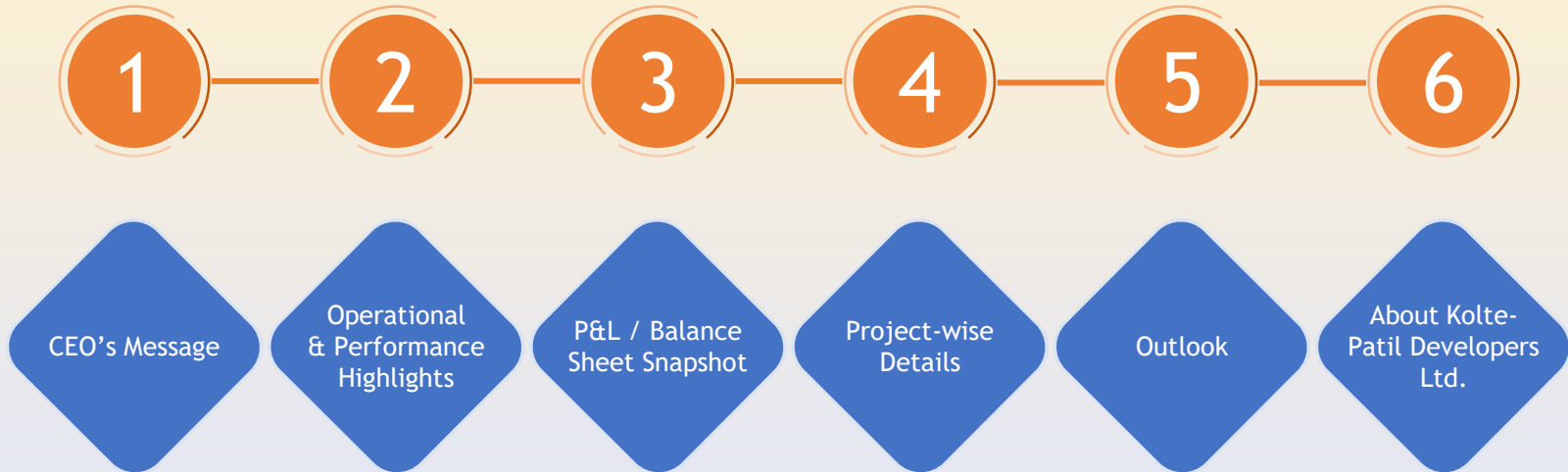
Disclaimer

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



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Kolte-Patil Developers: At a Glance

#1

Residential real estate player in Pune

(Awarded as Most Reputed Brand in Pune)

>15_{MSF}

of units delivered across Pune, Bengaluru and Mumbai

2+

Decades of presence being incorporated in 1991

18.4%

ROCE - one of the highest in the industry

Pipeline

30 million square feet of projects under execution and approval

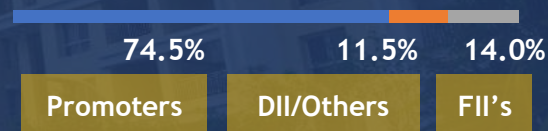
A+/Positive

Highest rated residential player By CRISIL

NSE/BSE Listed

IPO in Dec 2007

Shareholding



Diversifying Presence

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

Key Investors

1. Pabrai Funds - 8.3%
2. Goldman Sachs - 3.9%



Impact of Application of IND AS-115

- ≈ MCA (Ministry of Corporate Affairs, Government of India) notified IND-AS 115 (Revenue from Contracts with Customers) on 28th March 2018, applicable for the sector beginning on or after 1st April 2018
- ≈ In the erstwhile accounting standards coupled with the guidance note of ICAI (Institute of Chartered Accounts of India), revenue used to be recognized based on Percentage of completion method (POCM)
- ≈ As per AS-115, Revenue shall be recognised when the entity transfers the control of goods or services to the customer. In other words, entity shall “satisfy its performance obligation” to the customer to recognise the revenue. “Satisfying the performance obligation” in the context of real estate industry means, completion of all obligations by a developer and intimating the customers our readiness for handing over the unit
- ≈ The Group has applied the modified retrospective approach to contracts that were not completed as of April 1, 2018. The transitional adjustment of Rs. 217 crore [net of deferred tax] has been adjusted against opening balance of retained earnings in accordance with the requirements of IND AS 115 based on performance obligation satisfied at a point in time.
- ≈ There is no impact on agreements with our customers and the consequent cash flows which continue to be robust



Commenting on the performance for Q3 FY2019, Mr. Gopal Sarda, Group CEO, Kolte-Patil Developers Limited said:

"In continuation of the momentum we saw in Q2 FY19, we have delivered yet another robust performance across all key parameters during Q3 & 9M FY19. Our sales trajectory has seen a sequential uptick of 5% QoQ and 36% YoY to 0.80 msf in Q3 FY19, the highest recorded in the last four years. Sales have been buoyed by the success of our new launch at 'Ivy Nia' at Ivy estate in Wagholi, while 'ORO Avenue' launched in Aug'18 and other sectors at Life Republic continued to see strong traction in sales. Towards the end of the quarter, we witnessed significant launches to the tune of ~1.7 msf across Life Republic, Western Avenue, Tuscan and Stargaze projects which will significantly bolster our sales and collection trajectory going forward.

Customer collections have remained healthy at Rs. 871 crore, up 19% YoY in 9M FY19 and further acceleration will be seen in Q4 FY19 with several planned deliveries. Given the changing consumer preferences towards speedy execution and ready-to-move-in inventory, we have continued to aggressively spend on construction across our projects. Going forward, we see substantial cash flow generation in the near term as these projects come closer to completion, from existing bookings, planned deliveries and new sales.

We are pleased to report that given the strong balance sheet position and expected cash collections, CRISIL has revised the outlook on its rating of our long term debt to Positive from Stable, while reaffirming its CRISIL A+ rating.

Mumbai and Bengaluru accounted for 16% of overall collections in 9M FY19. The expected notification of Mumbai DCR 2034 policy will pave the way to launch our much awaited Mumbai projects.

We maintain our focus on customer-centricity and execution with healthy deliveries of 1.19 msf. in 9M FY19 and expect deliveries of ~2,000 units in FY19 with completion of ~2.8 msf ready for deliveries over the next 6 months across key micro-markets within Pune, Mumbai and Bengaluru.

For 9M FY19, we have recorded sales volumes of 2.03 msf, up 28.1% YoY. We are confident of sustaining our strong growth momentum on the back of the new launches and reiterate our sales guidance of achieving between 2.5 to 3 msf volumes in FY19. Our focus will be on execution of inventory of recently launched and ongoing projects to the tune of ~7 msf. We will also be preparing for the next level of growth and are evaluating potential acquisition of 10-12 msf additional land bank through outright purchases and structured deals with land owners.

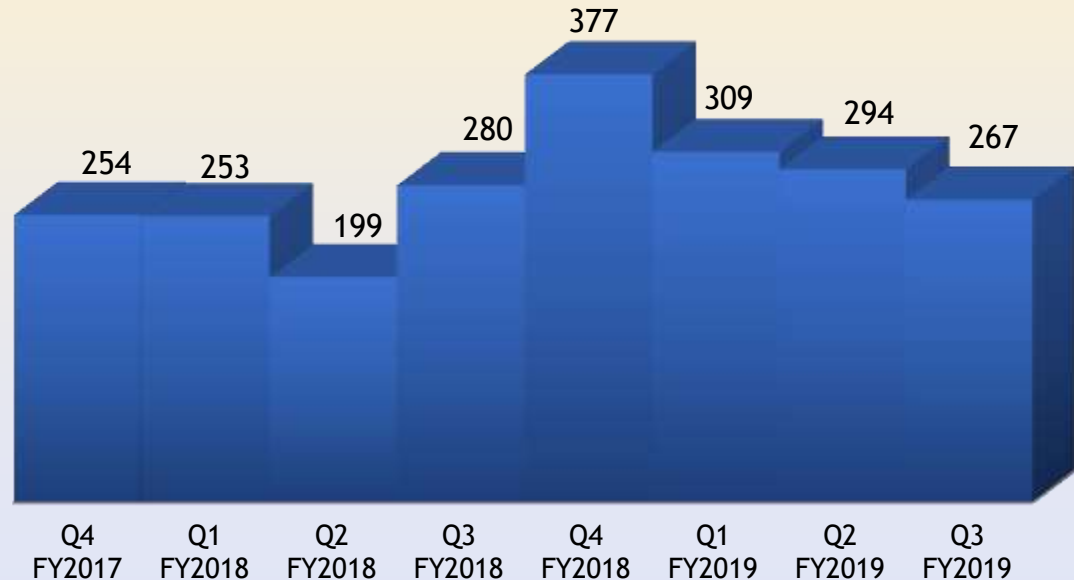
To conclude, we continue to drive operational excellence with 360 degree progress across sales, collections, new launches and upcoming deliveries. We believe KPDL has differentiated business drivers, with underlying diversification in the projects portfolio and our philosophy of using capital judiciously to optimize long term growth prospects."

Robust Momentum in Customer Collections

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- ≈ Collections remained healthy in Q3 FY19 at Rs. 267 crore taking collections for 9M FY19 to Rs. 871 crore, up 19% YoY
- ≈ Trailing twelve month collections at Rs. 1,248 crore, up 27% YoY
- ≈ Mumbai and Bengaluru contributed to 16% of the overall collections in 9M FY19
- ≈ Collections trajectory expected to improve from newly launched projects and planned deliveries in Q4 FY19

Collections (Rs. Crore)



Operational Highlights

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New area sales	Q3 FY19	Q3 FY18	YoY	9M FY19	9M FY18	YoY
Volume (million sq. ft.)	0.80	0.59	35.6%	2.03	1.59	28.1%
Value (Rs. million)	4,175	3,283	27.2%	10,763	9,195	17.1%
Realization (Rs./Sq. ft.)	5,196	5,542	-6.2%	5,294	5,794	-8.6%
Collections (Rs. million)	2,673	2,800	-4.6%	8,705	7,319	18.9%

≈ **Strong quarterly sales momentum maintained, up 36% YoY to 0.80 million square feet in Q3 FY19**

- Driven by success of new launch, 'Ivy Nia', final phase at Ivy Estate in Wagholi
- 'Oro Avenue' launched in Aug'18 and other sectors at Life Republic continued to witness strong traction
- Further launches to the tune of ~1.7 msf towards the end of the quarter across Life Republic, Western Avenue, Tuscan and Stargaze projects
- Bengaluru and 24K projects were other key contributors to sales volumes
- The expected notification of Mumbai DCR2034 transition policy will facilitate the launch of Mumbai projects
- 9M FY19 sales volumes up 28.1% YoY to 2.03 msf
- On target to achieve FY19 sales guidance of 2.5-3.0 msf

≈ Current focus will be on execution of inventory of ongoing projects to the tune of ~7 msf

≈ Preparing for next level of growth - evaluating potential acquisition of 10-12 msf additional land bank through outright purchases/JDA with land owners

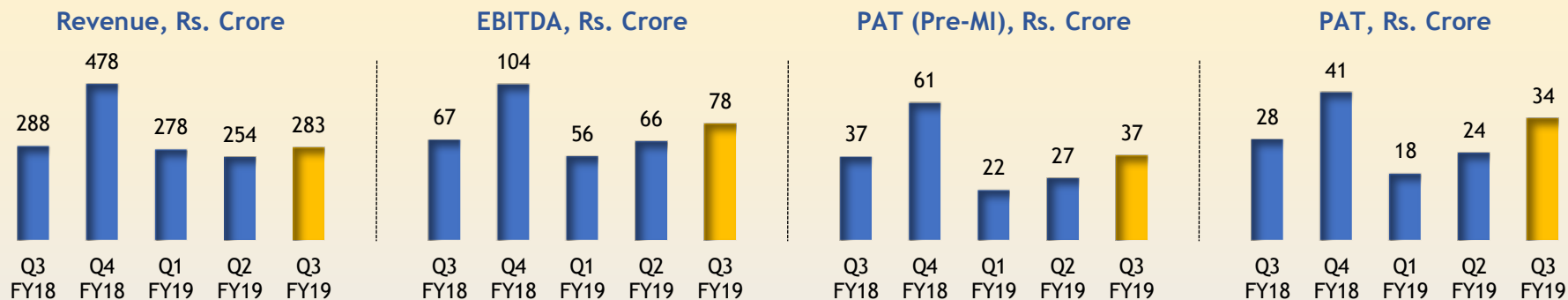
≈ Average realization is down on account of change in product mix with greater contribution from affordable housing project - 'Ivy Nia' and Life Republic

≈ Delivered 1.19 msf (1,215 units) for possession in 9M FY19 at Ivy Estate, Stargaze, Life Republic, Tuscan and Raaga-I

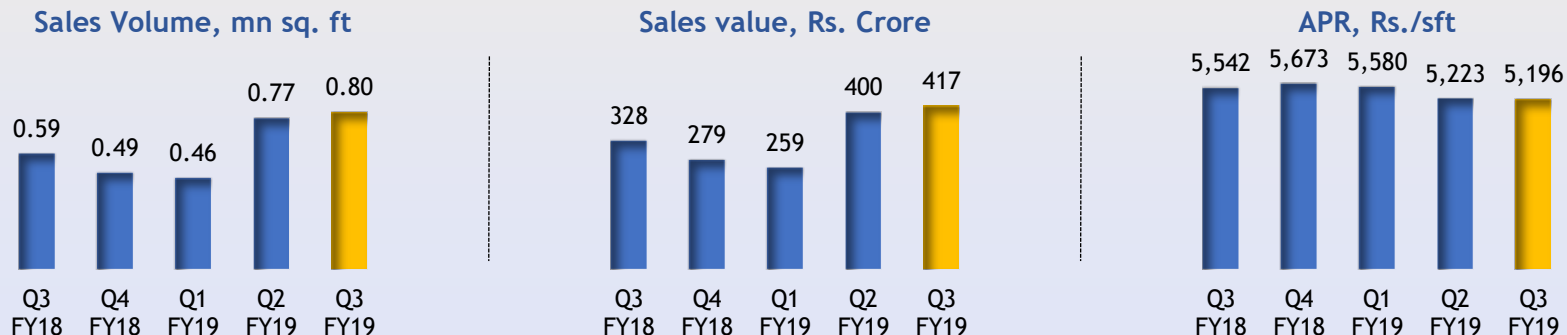
- Expected deliveries of ~2,000 units in FY19
- Expecting completion of ~2.8 msf ready for deliveries over the next 6 months, which includes completion of another 1 msf in Bengaluru



Performance Highlights - Q3 FY19



Note: Since there is a change in accounting standard for revenue recognition, the reported numbers for FY19 numbers as per AS-115 can not be compared with previous year figures (refer slide 5). Hence for comparative purposes POCM numbers have been included above.



Note: Volume in million square feet is based on saleable area

New Sales Analysis - Q3 FY19

msf.

0.32

0.55

0.41

0.59

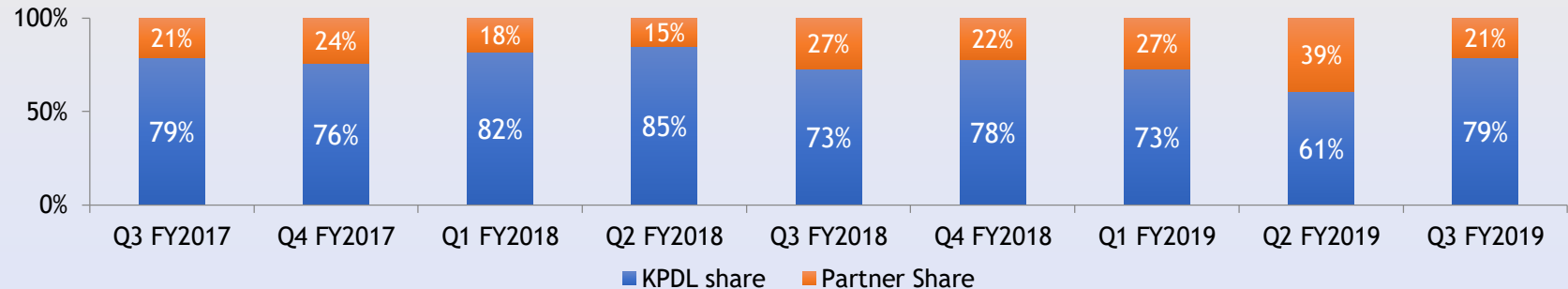
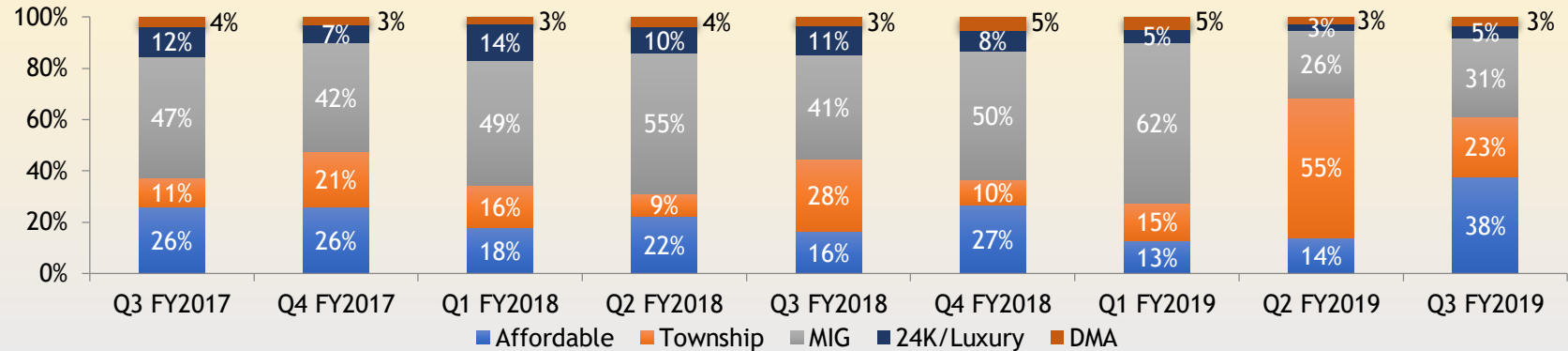
0.59

0.49

0.46

0.77

0.80



Note: Volume in million square feet is based on saleable area



Abridged Cash Flows

Abridged Cashflows - Unaudited (Rs. crore)	Q3 FY19 (Un-Audited)	9M FY19 (Un-Audited)
Opening Balance	89	117
<u>Operating Cashflow</u>		
Collections	267	864
Construction Cost	180	497
Other Expenses	41	116
Direct & Indirect Taxes	26	80
<u>Financing & Investing Activities</u>		
Interest	11	38
OD/CC Movement	(103)	(94)
OCD/CCD Redemption	10	20
Dividend	15	15
TDR/Premium Costs/JV Partner	78	211
Closing Balance	99	99

Consolidated Debt Profile

Consolidated Debt Profile (Rs. crore)	31 st Dec, 2018		30 th Sep, 2018		31 st Mar, 2018 (Audited)
	CCM	POCM [^]	CCM	POCM [^]	POCM
Networth	809	1,062	802	1,006	984
Gross debt	764	764	671	671	689
Less: OCD / CCD / OCRPS / Zero Coupon NCD*	269	269	279	279	289
Debt	495	495	392	392	400
Less: Cash & cash equivalents & Current Investments	99	99	89	89	117
Net debt	396	396	302	302	283
Net debt to equity	0.49	0.37	0.38	0.30	0.29

*Issued to KKR in Life Republic Township; ^Company Estimates

Notes:

- The Ministry of Corporate Affairs ("MCA") in March 2018 notified Ind AS 115, Revenue from Contract with Customers w.e.f. 1st April 2018. The Group has applied the modified retrospective approach under Ind AS 115 to contracts that were not completed as at 1st April 2018 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. 1st April 2018 in accordance with Ind AS 115 as an adjustment to opening balance of retained earnings.
- The transitional adjustment of Rs. 217 crore [net of deferred tax] has been adjusted against opening balance of retained earnings in accordance with the requirements of Ind AS 115 based on performance obligation satisfied at a point in time and resulted in the notional increase in net debt to equity.



Profit and Loss Snapshot - Q3 FY19 vs Q3 FY18

P&L Snapshot (Rs. crore)	Q3 FY19*	Q3 FY19^	Q3 FY18	YoY
Revenue Recognition Method →	Reported CCM	POCM	POCM	POCM
Revenue from Operations	72.3	282.8	289.0	-2.1%
Cost of materials consumed	39.1	164.2	185.7	-11.6%
Employee benefits expense	13.2	13.2	10.1	30.0%
Depreciation	3.9	3.9	3.3	16.6%
Other expenses	27.7	27.7	23.4	18.4%
Total Expenses	83.8	208.9	222.5	-6.1%
EBITDA	-7.7	77.8	69.7	11.5%
EBITDA Margin (%)	-10.7%	27.5%	24.1%	3.4%
Finance cost	20.7	20.7	23.8	-13.2%
Other income	4.3	4.3	2.8	51.8%
Profit before tax	-27.9	57.6	45.5	26.6%
Total tax expenses	-6.2	20.1	8.7	131.0%
Net profit after tax (pre-MI)	-21.7	37.5	36.8	2.0%
PAT margin (pre-MI)	-30.0%	13.3%	12.7%	0.5%
Non-controlling interests	-8.8	3.7	8.71	-57.1%
Net Profit (post minority interest)	-12.9	33.8	28.1	20.3%
PAT margin (%)	-17.8%	11.9%	9.7%	2.2%
EPS	-1.68	4.45	3.70	

REASONS FOR VARIANCE

- Q3 FY18 POCM numbers include the strategic divestment of land parcel in Wakad for a consideration of Rs. 21.25 crore
- Revenue in Q3 FY19 on POCM basis driven by Life Republic, Startgaze, Opula, Raaga, Mirabilis, Western Avenue and Ivy Estate
- EBITDA margin expands 340 bps in Q3 FY19 on POCM basis at 27.5%

*Note: The Company has adopted IND AS 115 (Completion Contract Method - CCM) during Q1 FY19, effective from 1st April 2018 and has opted for modified retrospective method; ^In order to facilitate like-to-like comparison, financials based on the previously applicable Percentage of Completion Method (POCM) of accounting for revenue recognition have also been included.



Profit and Loss Snapshot - 9M FY19 vs 9M FY18

P&L Snapshot (Rs. crore)	9M FY19*	9M FY19^	9M FY18	YoY
Revenue Recognition Method →	Reported CCM	POCM	POCM	POCM
Revenue from Operations	673.9	815.1	922.7	-11.7%
Cost of materials consumed	386.5	498.6	634.9	-21.5%
Employee benefits expense	40.4	40.4	28.6	41.2%
Depreciation	11.3	11.3	10.5	7.6%
Other expenses	76.6	76.6	60.0	27.8%
Total Expenses	514.9	627.0	734.0	-14.6%
EBITDA	170.3	199.4	199.2	0.1%
EBITDA Margin (%)	25.3%	24.5%	21.6%	2.9%
Finance cost	60.2	60.2	71.8	-16.2%
Other income	8.5	8.5	6.6	30.0%
Profit before tax	107.3	136.4	123.4	10.5%
Total tax expenses	41.6	49.6	31.2	59.1%
Net profit after tax (pre-MI)	65.8	86.8	92.3	-5.9%
PAT margin (pre-MI)	9.8%	10.7%	10.0%	0.7%
Non-controlling interests	30.50	10.41	11.39	-8.6%
Net Profit (post minority interest)	35.3	76.4	80.9	-5.5%
PAT margin (%)	5.2%	9.4%	8.8%	0.6%
EPS	4.64	10.07	10.67	

REASONS FOR VARIANCE

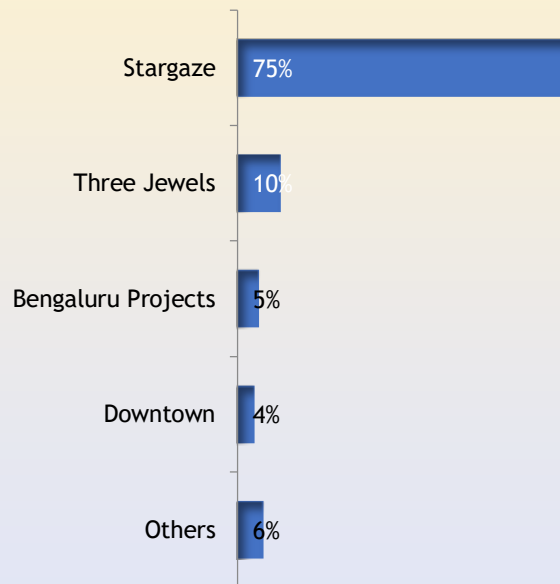
- Key revenue drivers in 9M FY19 as per POCM accounting were Ivy Estate, Western Avenue, Life Republic, Downtown and Three Jewels
- EBITDA margins in 9M FY19 as per POCM stood at 24.5%, up 290 bps
- For 9M FY18 (POCM), Revenue stood at Rs. 740 crore, EBITDA stood at Rs. 199 crore, EBITDA margins stood at 26.9%, PAT margins at 11.1%, adjusted for the strategic divestment in Wakad of Rs. 182 crore

*Note: The Company has adopted IND AS 115 (Completion Contract Method - CCM) during Q1 FY19, effective from 1st April 2018 and has opted for modified retrospective method; ^In order to facilitate like-to-like comparison, financials based on the previously applicable Percentage of Completion Method (POCM) of accounting for revenue recognition have also been included.

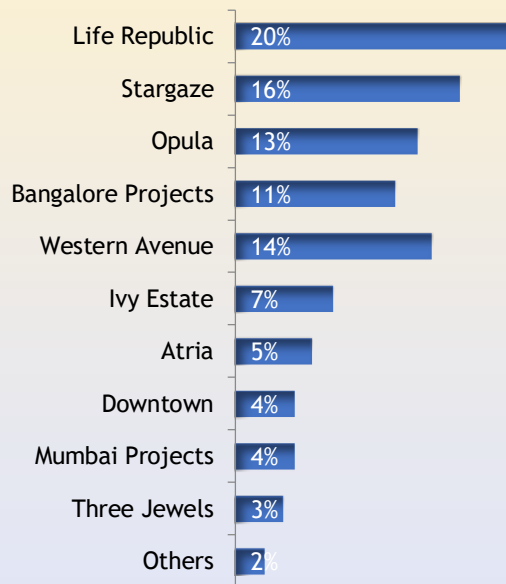


Revenue Recognition - Q3 FY19 vs Q3 FY18

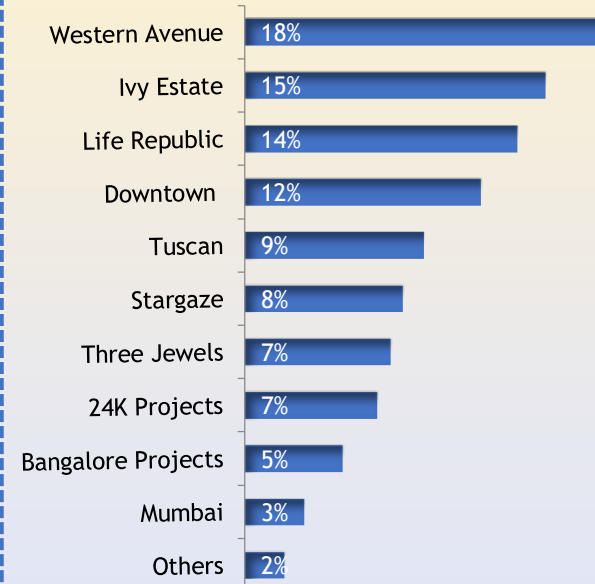
Q3 FY19 - Rs. 72 crore (CCM)



Q3 FY19 - Rs. 283 crore (POCM)



Q3 FY18* - Rs. 268 crore (POCM)

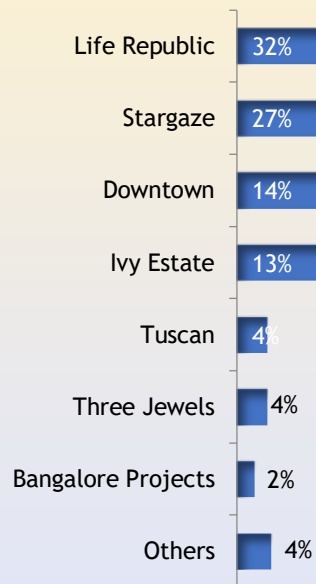


*adjusted for Wakad land sale

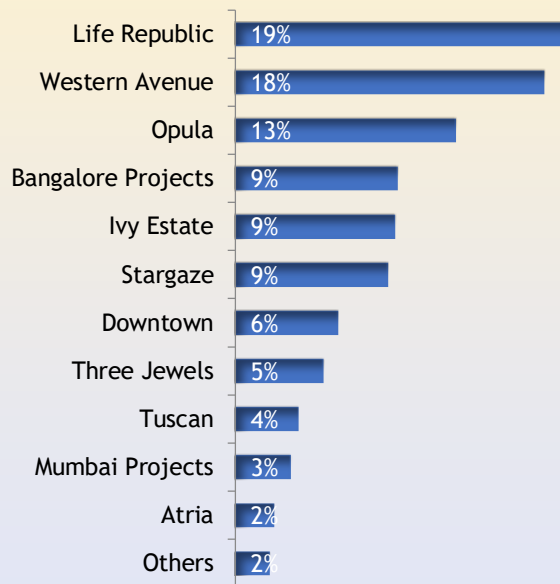
Note: The Company has adopted IND AS 115 during Q1 FY19, effective from 1st April 2018 and has opted for modified retrospective method. In order to facilitate like-to-like comparison, financials based on the erstwhile applicable Percentage of Completion Method (POCM) of accounting for revenue recognition have also been included.

Revenue Recognition - 9M FY19 vs 9M FY18

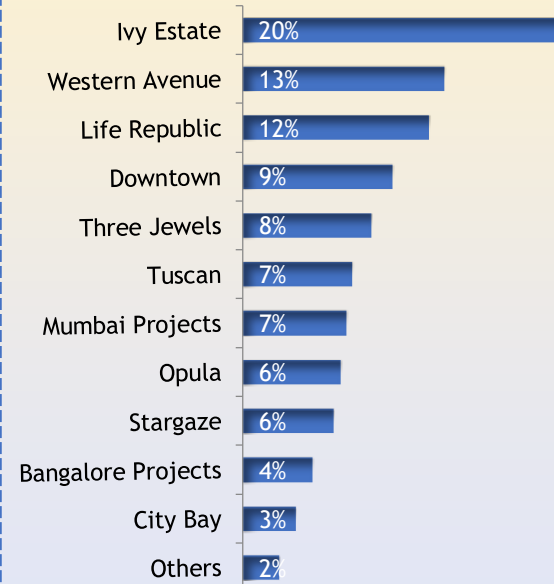
9M FY19 - Rs. 674 crore (CCM)



9M FY19 - Rs. 815 crore (POCM)



9M FY18* - Rs. 740 crore (POCM)



*adjusted for Wakad land sale

Note: The Company has adopted IND AS 115 during Q1 FY19, effective from 1st April 2018 and has opted for modified retrospective method. In order to facilitate like-to-like comparison, financials based on the erstwhile applicable Percentage of Completion Method (POCM) of accounting for revenue recognition have also been included.



Sales & Collections - Ongoing Projects - Q3 FY2019

Gross Details (including partner's share)

Projects	Location	Area Sold (msf.)	Sales value (Rs. mn.)	Avg. Realization (Rs./sft.)	Collections (Rs. mn.)
Life Republic	Hinjewadi, Pune	0.20	948	4,860	618
Ivy Estate	Wagholi, Pune	0.27	1,093	4,026	236
Tuscan	Kharadi, Pune	0.01	51	6,349	0
Downtown	Kharadi, Pune	0.02	145	7,284	137
Western Avenue	Wakad, Pune	0.07	465	6,768	210
Jazz II (Opula)	Aundh, Pune	0.03	185	6,525	279
Three Jewels	Kondhwa, Pune	0.03	133	4,813	121
Rutu Bavdhan (Stargaze)	Bavdhan, Pune	0.06	421	6,478	464
Other Projects (including DMA)		0.07	505	7,046	271
Total (Pune Projects)		0.76	3,945	5,221	2,337
Raaga	Hennur Road, Bengaluru	0.00	0	0	32
Mirabilis	Horamavu, Bengaluru	0.01	48	4,111	240
Exente	Hosur Road, Bengaluru	0.04	182	5,023	34
Total (Bengaluru Projects)		0.05	230	4,802	306
Link Palace Society	Khar (W), Mumbai	0.00	0	0	0
Jai-Vijay Society	Ville Parle (E), Mumbai	0.00	0	0	30
Sagar Vaibhav Society	Dahisar (W), Mumbai	0.00	0	0	0
Total (Mumbai Projects)		0.00	0	0	30
Total (Pune + Bengaluru + Mumbai Projects)		0.80	4,175	5,196	2,673

Note: Collections do not include contribution from DMA projects; volume in million square feet is based on saleable area



KPDL Project Portfolio - 31.12.2018

Gross Details
(including partner's share)

Pune Projects	KPDL Share	Ongoing & Unsold	Upcoming *	Land Bank
Jazz II (Opula)	100%	0.26	-	-
Atria	100%	0.07	-	-
Giga Residency	100%	0.32	-	-
Stargaze	62%	0.57	-	-
Western Avenue	100%	0.41	-	-
Ivy Estate	100%	0.95	-	-
Downtown	100%	0.03	0.60	-
Life Republic^	45%	2.49	1.45	12.00
Tuscan	51%	0.20	-	-
Three Jewels	70%	0.67	-	-
Cilantro	50%	0.05	-	-
Green Olive Venture	60%	0.09	-	-
Centria	100%	0.37	-	-
Pimple Nilakh	100%	-	-	0.60
Ghotawade	50%	-	-	3.20
Aundh	100%	-	-	1.00
Kalyani Nagar	100%	-	-	0.60
Boat Club Road	100%	-	-	0.30
Pune Total:		6.50	2.05	17.70

Gross Details
(including partner's share)

Mumbai Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
Jai Vijay	100%	0.05	-	-
Other Mumbai projects	100%	-	-	1.20
Mumbai Total:		0.05	0.00	1.20

Bengaluru Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
Raaga	100%	0.27	-	-
Mirabilis	70%	0.04	-	-
Exente	100%	0.44	-	-
24K Grazzio	100%	0.20	-	-
Bangalore Total:		0.95	0.00	0.00

Overall Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
Total: ~28.5 MSF		7.50	2.05	18.90

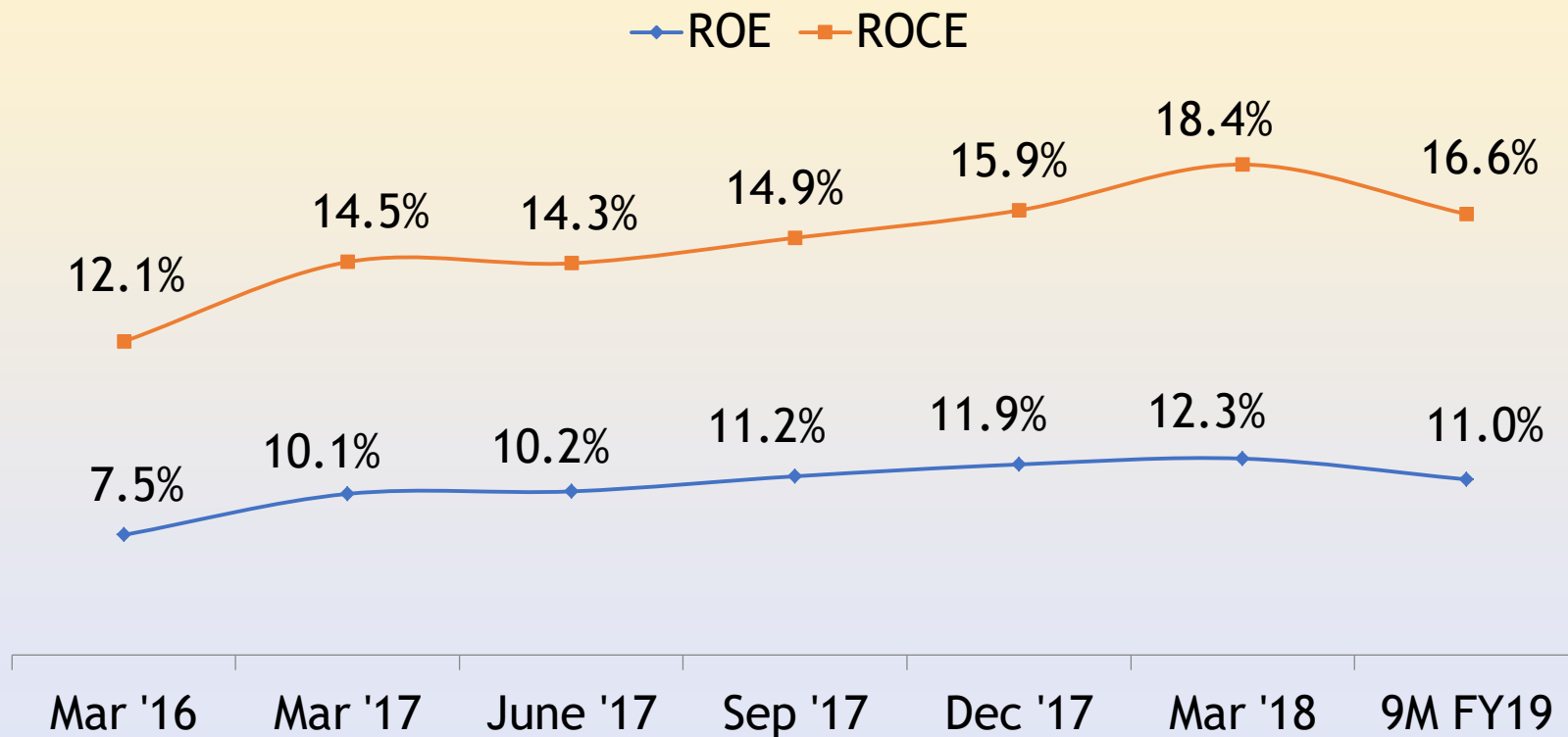
*Upcoming projects in the next 12 months

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

Improving Return Ratios



Note: Numbers on POCM basis

Business Outlook

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SECTOR CONSOLIDATION

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

IMPROVING CONSUMER CONFIDENCE

- Based on RERA-compliant business environment and increased transparency, resulting in uptick in sales and collections

CONSOLIDATING DOMINANT POSITION IN PUNE

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

DIVERSIFYING GEOGRAPHICAL PRESENCE

- 1.4 msf across 14 asset-light society redevelopment projects in Mumbai
- To launch upscale Koramangala project in Bengaluru in FY19
- Mumbai and Bengaluru expected to grow to ~25% of sales by 2020

AFFORDABLE HOUSING OPPORTUNITIES IN EXISTING PROJECTS

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

NEW PROJECT ACQUISITION

- 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

EFFICIENT CAPITAL DEPLOYMENT

- Continue to evaluate strategic and financial partnerships that enable us to scale our operations while limiting capital commitment

ROCE EXPANSION

- Successful implementation of strategy driving industry leading ROCE of 18.4% in FY18
- Looking at further scale benefits in Pune and greater Bengaluru/Mumbai contribution

FUND RAISING PLANS

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

Awards & Recognition

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White Page



India's Most Inspirational
Business Leader - Gopal
Sarda

Realty Plus



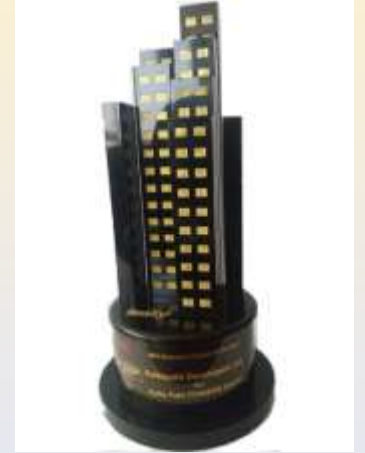
Developer of the Year -
Township (Ivy Estate)

White Page



KPDL - India's Most
Admired Realty Brand

Realty Plus



Mid-segment project of
the year - Exente

Awards & Recognition

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International Brand Equity Awards



The Best Real Estate
Brands List - 2018



Premium Residential
Project of the Year
(Raaga)



Luxury Project of the Year
(24K Grazzio)



Residential High Rise
Project of the Year
(Exente)

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, Mumbai 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 14 projects till date at prime locations across the city.

The Company's long-term bank debt and non-convertible debentures have been rated 'A+ / Positive' 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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