



# KOLTE-PATIL DEVELOPERS LIMITED

Q2 & H1 FY20  
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.

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# Kolte-Patil Developers: At a Glance

## #1

Residential real estate player in Pune

*(Awarded as Most Reputed Brand in Pune)*

## 2+

Decades of presence being incorporated in 1991

## 27<sub>MSF</sub>

Project portfolio - under execution, approval and land bank

## NSE/BSE Listed

IPO in Dec 2007

## >20<sub>MSF</sub>

of units delivered across Pune, Bengaluru and Mumbai

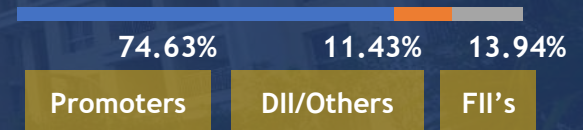
## 15.9%

ROCE - strong returns profile

## A+/Positive

Highest rated residential player By CRISIL

## Shareholding



## Diversifying Presence

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

## Key Investors

1. Pabrai Funds - 8.9%
2. Goldman Sachs - 3.9%





Commenting on the performance for Q2 FY20, Mr. Gopal Sarada, Group CEO, Kolte-Patil Developers Limited said:

*“Fully recognizing the importance of a vibrant real estate ecosystem in fulfilling our potential as an emerging economic superpower, the Government has followed up its previously implemented structural policy initiatives with the recently announced measures that will go a long way to impart liquidity into the system, drive progress in stalled projects, capitalize stressed developers and provide new employment opportunities to millions - consequently boosting housing demand as homebuyers’ confidence returns. We believe that the long-term outlook is one of consolidation in the sector and benefits will accrue to only those developers with a brand equity built on corporate governance, innovation and execution. This further strengthens the structural investment theme around Kolte-Patil with consistently low debt, predictable cash generation and clear roadmap for sustainable and profitable growth.*”

*We continued to build on the customer-centric framework of sales, collections, cash flows, construction and deliveries, which further strengthened our operations. Execution remains strong, we completed 1,053 units during Q2 aggregating to 1.2 msf. Sales momentum was maintained sequentially at 0.5 msf in Q2, which we believe is a stable outcome in a traditionally weak demand period of the year and in light of the subdued consumer sentiment. Q2 sales were driven by Life Republic, Western Avenue, Opula, Ivy Estate and Exente. We expect an upward sales trajectory in H2 from planned sales promotion activities, availability of finished inventory due for receipt of occupation certificates at Jai Vijay (Mumbai) and Raaga 2 (Bengaluru). These projects will further augment the free cash flows during the second half of the year.*

*Our robust operational performance will allow us to use internal accruals for the buyout of ICICI Venture’s next tranche in Life Republic. Recently, we delivered strong returns with an IRR of 23.1% over 45 months to Motilal Oswal Real Estate from our City Avenue project located in Wakad in Pune. This highlights the company’s brand equity, execution track record and ability to monetise its assets faster, enabling attractive returns on investment for Kolte-Patil as well as its partners.*

*During H1, collections have come in at Rs. 636 crore, up from Rs. 603 crore on a year-on-year basis. Following last year’s trend, H2 is expected to be better than H1. We have set up the foundation for delivering strong collections for the year, likely to be the highest ever in the company history.*

*Going forward, we see value-accretive opportunities in the market for well-capitalized players to pursue new acquisitions and will look at expanding the portfolio through outright/structured land purchases as well as capital-light growth opportunities, taking a holistic, 360-degree approach to longer term growth prospects.”*

# Operational Highlights - Q2 FY20

New area sales	Q2 FY20	Q1 FY20	Q2 FY19	YoY	QoQ	H1 FY20	H1 FY19	YoY
Volume (million sq. ft.)	0.50	0.51	0.77	-35.2%	-1.8%	1.00	1.23	-18.6%
Value (Rs. million)	2,678	2,837	3,998	-33.0%	-5.6%	5,515	6,588	-16.3%
Realization* (Rs./Sq. ft.)	5,401	5,616	5,223	3.4%	-3.8%	5,509	5,356	2.8%
Collections (Rs. million)	2,932	3,431	2,940	-0.2%	-14.5%	6,364	6,033	5.5%

❖ **Collections steady at Rs 293 crore, driven by strong focus on execution**

- Improvement in cash position by Rs 28 crore
- Completed 1.2 msf in H1 FY20 (OC for 1,053 units) in Mirabilis, Western Avenue and Life Republic

❖ **Expecting net free cash flow visibility of Rs 230 crore in the near future from sales and completion of 735 units at Jai Vijay, Raaga and Western Avenue**

❖ **Sales volumes stable at 0.5 msf in Q2 FY20; booking value at Rs 268 crore**

- Driven by Life Republic, 24K Opula, Ivy Estate, Western Avenue

❖ **Delivered superior returns to Motilal Oswal Real Estate from City Avenue project in Wakad, Pune**

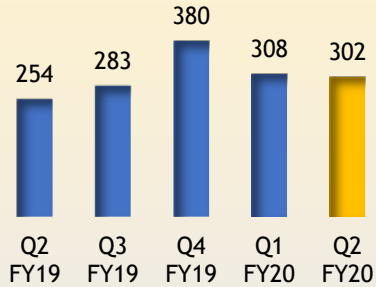
- IRR of 23.1% delivered over 45 months

❖ **Acceleration expected in sales volumes**

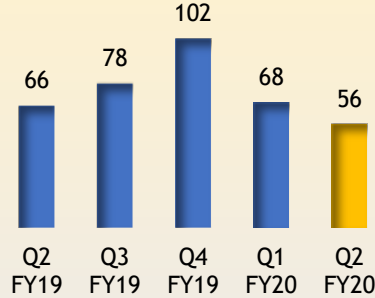
- Beneficial policy environment conducive to strong players with track record of execution and governance
- Current focus will be on execution of inventory of ongoing projects to the tune of ~8 msf
- Implementing comprehensive sales promotion activities across projects

# Performance Highlights - Q2 FY20

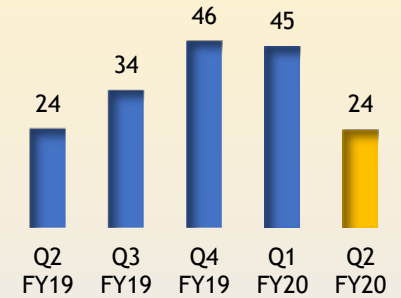
Revenue, Rs. Crore



EBITDA, Rs. Crore

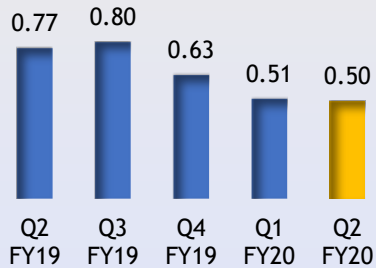


PAT, Rs. Crore

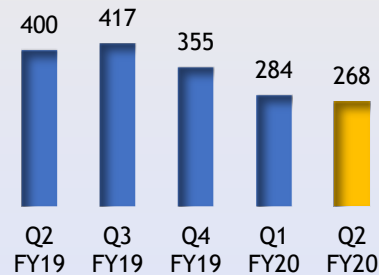


Note: The Company has adopted IND AS 115 during Q1 FY19, effective from 1st April 2018 and has opted for modified retrospective method. In order to facilitate like-to-like comparison and continuity of information flow, financials based on the erstwhile applicable Percentage of Completion Method (POCM)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

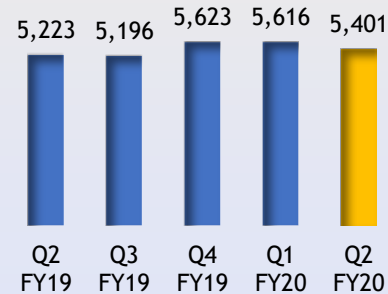
Sales Volume, mn sq. ft



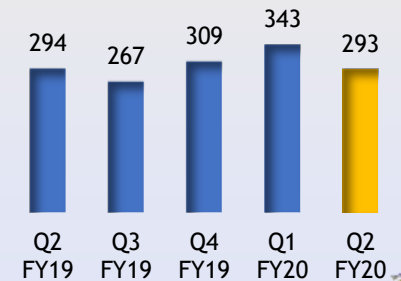
Sales value, Rs. Crore



APR, Rs./sft



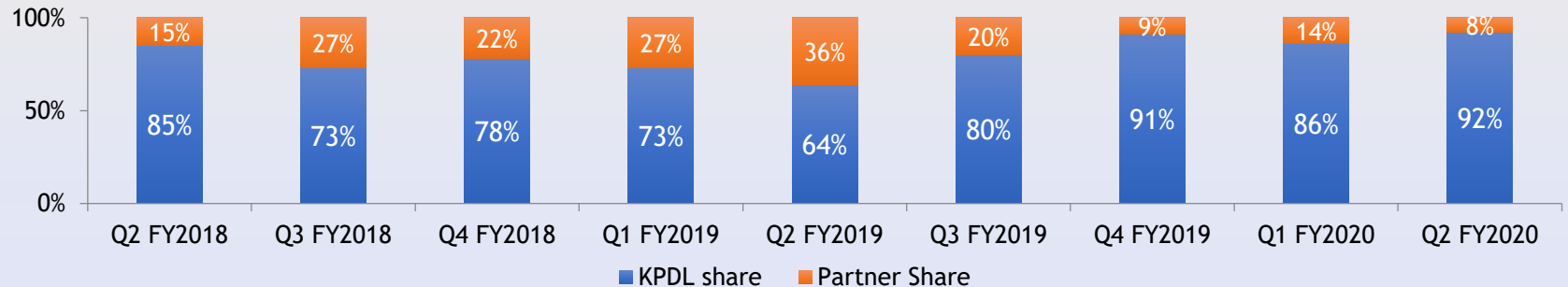
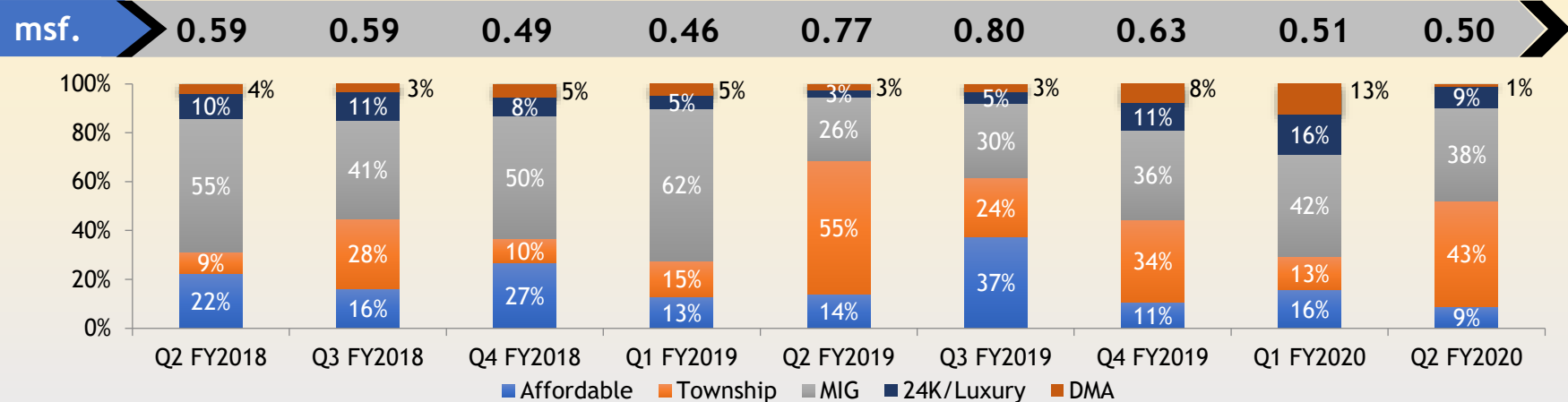
Collections, Rs. Crore



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



# New Sales Analysis - Q2 FY20



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





# Abridged Cash Flows

Abridged Cashflows - Unaudited (Rs. crore)	Q1 FY20 (Un-Audited)	Q2 FY20 (Un-Audited)	H1 FY20 (Un-Audited)
Opening Balance	67	81	67
<b><u>Operating Cashflow</u></b>			
Collections	343	293	636
Construction Cost	-162	-133	-295
Other Expenses (including customer refunds)	-54	-61	-115
Direct & Indirect Taxes	-19	-18	-37
<b><u>Financing &amp; Investing Activities*</u></b>			
Interest	-15	-15	-30
OD/CC Movement	-15	19	4
OCD/CCD Redemption	-6	-5	-11
TDR/Premium Costs/JV Partner	-47	-45	-92
Dividend	-11	-8	-19
Closing Balance	81	108	108

\*Including land and approval costs

# Consolidated Debt Profile

Consolidated Debt Profile (Rs. crore)	30 <sup>th</sup> September, 2019		31 <sup>st</sup> March, 2019	
	CCM	POCM <sup>^</sup>	CCM	POCM <sup>^</sup>
<b>Net Worth</b>	<b>936</b>	<b>1,161</b>	<b>840</b>	<b>1,100</b>
<b>Gross Debt</b>	<b>771</b>	<b>771</b>	<b>807</b>	<b>807</b>
Less: OCD / CCD <sup>1</sup> / OCRPS / Zero Coupon NCD*	<b>184</b>	<b>184</b>	<b>224</b>	<b>224</b>
<b>Debt</b>	<b>587</b>	<b>587</b>	<b>583</b>	<b>583</b>
Less: Cash & Cash Equivalents & Current Investments	<b>109</b>	<b>109</b>	<b>67</b>	<b>67</b>
<b>Net Debt</b>	<b>478</b>	<b>478</b>	<b>517</b>	<b>517</b>
<b>Net Debt to Equity</b>	<b>0.51</b>	<b>0.41</b>	<b>0.62</b>	<b>0.47</b>

*\*Issued to KKR in Life Republic Township; ^Company Calculations*

*<sup>1</sup>In accordance with the requirements of the applicable accounting standards, the Company has carried out a fair valuation of Optionally Convertible Debentures issued by KPIT linked to FSI towards ICICI buy-out in Life Republic and the resultant net gain of ~Rs. 28 crore has been credited to the Statement of Profit and Loss*

# Profit and Loss Snapshot - Q2 FY20 vs Q2 FY19

P&L Snapshot (Rs. crore)	Q2 FY20*	Q2 FY19*	Q2 FY20^	Q2 FY19^	YoY
Revenue Recognition Method →	Reported CCM	Reported CCM	POCM	POCM	POCM
Revenue from Operations	191.9	211.04	301.7	254.2	18.7%
Cost of materials consumed	116.4	128.3	201.7	148.1	36.2%
Employee benefits expense	14.9	13.7	14.9	13.7	8.8%
Depreciation	4.8	3.8	4.8	3.8	26.3%
Other expenses	28.7	26.6	28.7	26.5	8.3%
<b>Total Expenses</b>	<b>164.7</b>	<b>172.4</b>	<b>250.1</b>	<b>192.1</b>	<b>30.2%</b>
<b>EBITDA</b>	<b>31.9</b>	<b>42.5</b>	<b>56.4</b>	<b>65.8</b>	<b>-14.3%</b>
<b>EBITDA Margin (%)</b>	<b>16.6%</b>	<b>20.1%</b>	<b>18.7%</b>	<b>25.9%</b>	
Finance cost	21.5	19.3	21.5	19.3	11.6%
Other income	3.4	2.4	3.4	2.3	48.3%
<b>Profit before tax</b>	<b>9.1</b>	<b>21.8</b>	<b>33.6</b>	<b>45.1</b>	<b>-25.5%</b>
Total tax expenses	23.6	10.6	6.2	17.7	-65.0%
<b>Net profit after tax (pre-MI)</b>	<b>-14.6</b>	<b>11.2</b>	<b>27.3</b>	<b>27.4</b>	<b>-0.4%</b>
<b>PAT margin (pre-MI)</b>	<b>-7.6%</b>	<b>5.3%</b>	<b>9.1%</b>	<b>10.8%</b>	
Non-controlling interests	-0.59	0.99	3.31	3.10	6.8%
<b>Net Profit (post-MI)</b>	<b>-14.0</b>	<b>10.2</b>	<b>24.0</b>	<b>24.3</b>	<b>-1.2%</b>
<b>PAT margin (%)</b>	<b>-7.3%</b>	<b>4.8%</b>	<b>8.0%</b>	<b>9.6%</b>	
EPS	-1.84	1.35	3.17	3.20	

## COMMENTS ON P&L - POCM

- Revenue in Q2 FY20 on POCM basis driven by Western Avenue, Opula, Life Republic, Bengaluru projects
- EBITDA margin lower on account of higher revenue contribution from lower margin projects

## COMMENTS ON P&L - CCM

- Tax expense includes one-time deferred tax asset reversal arising due to the company's decision to opt for lower tax regime

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

# Profit and Loss Snapshot - H1 FY20 vs H1 FY19

P&L Snapshot (Rs. crore)	H1 FY20*	H1 FY19*	H1 FY20^	H1 FY19^	YoY
Revenue Recognition Method →	Reported CCM	Reported CCM	POCM	POCM	POCM
<b>Revenue from Operations</b>	777.6	601.6	609.7	532.2	14.6%
Cost of materials consumed	469.0	347.5	404.1	334.5	20.8%
Employee benefits expense	29.9	27.2	29.9	27.2	9.9%
Depreciation	9.5	7.5	9.5	7.5	26.7%
Other expenses	51.7	48.9	51.7	48.8	5.9%
<b>Total Expenses</b>	<b>560.0</b>	<b>431.0</b>	<b>495.1</b>	<b>418.0</b>	<b>18.4%</b>
<b>EBITDA</b>	<b>227.0</b>	<b>178.0</b>	<b>124.1</b>	<b>121.7</b>	<b>2.0%</b>
<b>EBITDA Margin (%)</b>	<b>29.2%</b>	<b>29.6%</b>	<b>20.3%</b>	<b>22.9%</b>	
Finance cost	44.7	39.5	44.7	39.5	13.2%
Other income	33.6	4.2	33.6	4.2	700.0%
<b>Profit before tax</b>	<b>206.5</b>	<b>135.2</b>	<b>103.5</b>	<b>78.9</b>	<b>31.2%</b>
Total tax expenses	90.3	47.8	31.0	29.5	5.1%
<b>Net profit after tax (pre-MI)</b>	<b>116.2</b>	<b>87.4</b>	<b>72.5</b>	<b>49.4</b>	<b>46.8%</b>
<b>PAT margin (pre-MI)</b>	<b>14.9%</b>	<b>14.5%</b>	<b>11.9%</b>	<b>9.3%</b>	
Non-controlling interests	14.29	39.31	3.99	6.67	-40.2%
<b>Net Profit (post-MI)</b>	<b>102.0</b>	<b>48.1</b>	<b>68.5</b>	<b>42.8</b>	<b>60.0%</b>
<b>PAT margin (%)</b>	<b>13.1%</b>	<b>8.0%</b>	<b>11.2%</b>	<b>8.0%</b>	
EPS	13.44	6.35	9.04	5.64	

## REASONS FOR VARIANCE (POCM)

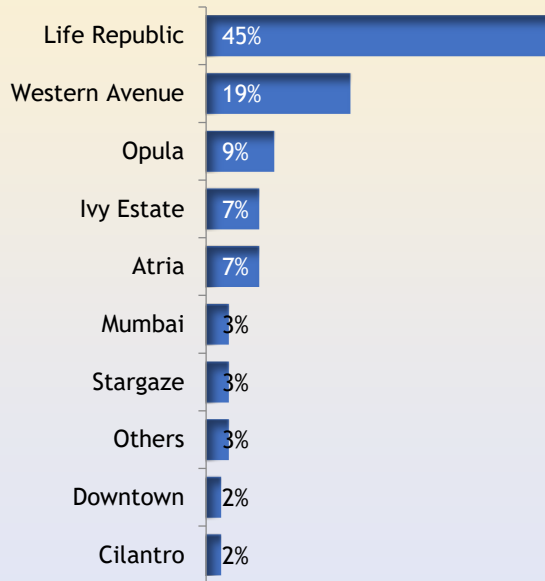
- Revenue in H1 FY20 on POCM basis driven by Western Avenue, Opula, Life Republic, Ivy Estate and Bengaluru projects
- Other income in H1 FY20 includes ~Rs. 28 crore towards fair valuation of OCD's linked to FSI towards ICICI Venture buy-out in Life Republic. Adjusted for this, PBT for the quarter would be ~Rs. 75.5 crore

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

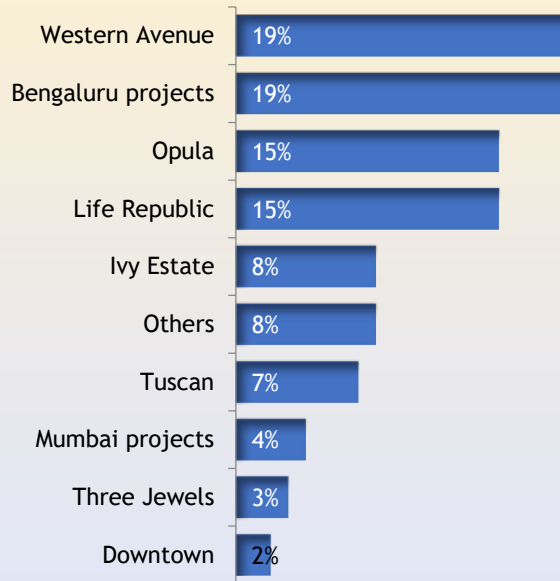


# Revenue Recognition - Q2 FY20 vs Q2 FY19

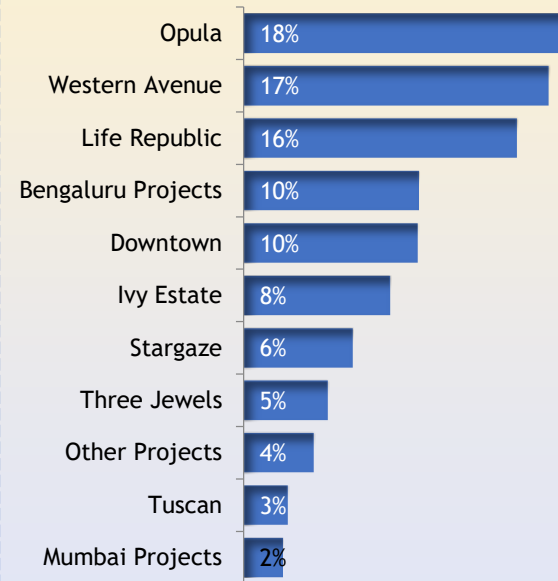
Q2 FY20 - Rs. 191 crore  
(CCM)



Q2 FY20 - Rs. 302 crore  
(POCM)



Q2 FY19 - Rs. 254 crore  
(POCM)

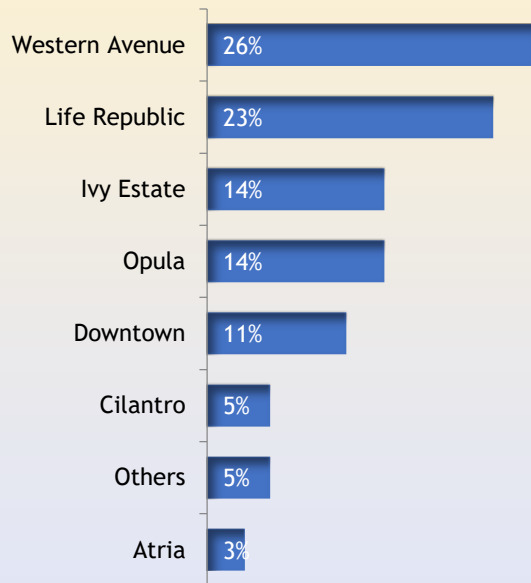


Note: The Company has adopted IND AS 115 during Q1 FY19, effective from 1<sup>st</sup> April 2018 and has opted for modified retrospective method. In order to facilitate like-to-like comparison and continuity of information flow, financials based on the erstwhile applicable Percentage of Completion Method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

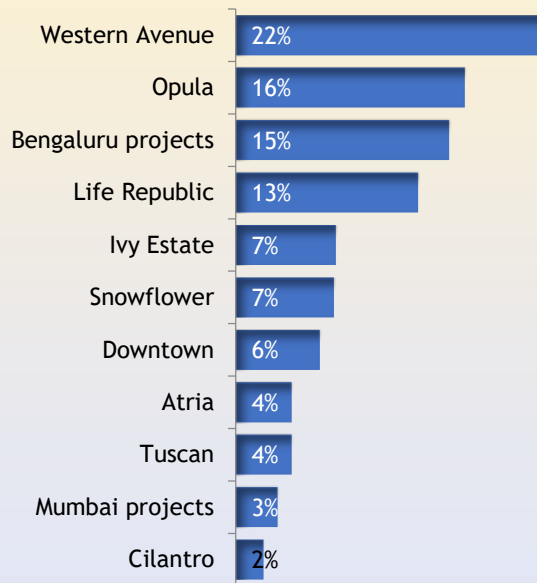


# Revenue Recognition - H1 FY20 vs H1 FY19

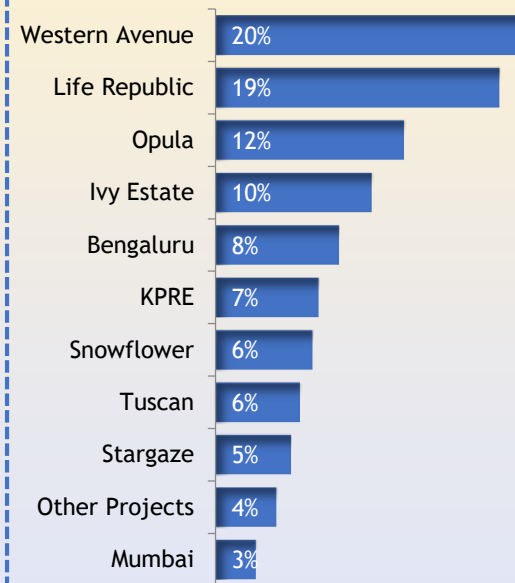
H1 FY20 - Rs. 776 crore  
(CCM)



H1 FY20 - Rs. 610 crore  
(POCM)



H1 FY19 - Rs. 532 crore  
(POCM)



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



# Sales & Collections - Ongoing Projects - Q2 FY20

Gross Details (including partner's share)

Projects	Location	Area Sold (msf.)	Sales value (Rs. mn.)	APR (Rs./sft.)	Collections (Rs. mn.)
Life Republic - Phase I & II	Hinjewadi, Pune	0.21	1,049	4,939	799
Ivy Estate - Phase II & III	Wagholi, Pune	0.05	198	4,261	269
Tuscan - Phase I & II	Kharadi, Pune	0.01	93	6,351	88
Downtown - Phase I & II	Kharadi, Pune	0.00	6	7,404	91
Western Avenue	Wakad, Pune	0.05	333	6,914	536
24K Opula	Aundh, Pune	0.03	203	6,609	394
Three Jewels	Kondhwa, Pune	0.00	0	0	99
Stargaze	Bavdhan, Pune	0.02	106	6,151	73
Other Projects (including DMA)		0.06	362	6,202	297
<b>Total (Pune)</b>		<b>0.43</b>	<b>2,349</b>	<b>5,480</b>	<b>2,647</b>
Ragga	Hennur Road, Bengaluru	0.02	90	4,517	19
Mirabilis	Horamavu, Bengaluru	0.01	56	5,137	78
Exente	Hosur Road, Bengaluru	0.04	183	5,028	182
<b>Total (Bengaluru)</b>		<b>0.07</b>	<b>329</b>	<b>4,894</b>	<b>280</b>
Jai-Vijay Society	Ville Parle (E), Mumbai	0.0	0	0	6
<b>Total (Mumbai)</b>		<b>0.0</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>Total (Pune + Bengaluru + Mumbai Projects)</b>		<b>0.50</b>	<b>2,678</b>	<b>5,401</b>	<b>2,932</b>

*Note: Collections do not include contribution from DMA projects which is ~Rs. 120 mn ; volume in million square feet is based on saleable area*



# KPDL Project Portfolio - 30.09.2019

Gross Details  
(including partner's share)

Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
24K Opula	100%	0.11	-	-
24K Atria	100%	0.05	-	-
Giga Residency	100%	0.32	-	-
Stargaze	62%	0.52	-	-
Western Avenue	100%	0.18	-	-
Ivy Estate	100%	0.80	-	-
Downtown	51%	0.03	0.60	-
Life Republic^	95%	2.30	1.15	12.00
Tuscan	51%	0.09	-	-
Three Jewels	70%	0.63	-	-
Cilantro	50%	0.02	-	-
Green Olive Venture	60%	0.07	-	-
Centria (24K Glamore)	100%	0.30	-	-
Pimple Nilakh	100%	-	-	0.60
Ghotawade	50%	-	-	3.20
Aundh	100%	-	-	1.00
Kalyani Nagar	100%	-	-	0.60
Boat Club Road	100%	-	-	0.30
<b>Pune Total:</b>		<b>5.40</b>	<b>1.75</b>	<b>17.70</b>

Gross Details  
(including partner's share)

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

Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
Raaga	100%	0.23	-	-
Mirabilis	70%	0.01	-	-
Exente	100%	0.38	-	-
24K Grazzio	100%	0.19	-	-
<b>Bengaluru Total:</b>		<b>0.81</b>	<b>0.00</b>	<b>0.00</b>

Overall Projects	KPDL Share	Ongoing & Unsold	Under Approval*	Land Bank
<b>Total:</b>	<b>26.91</b>	<b>5.96</b>	<b>2.05</b>	<b>18.90</b>

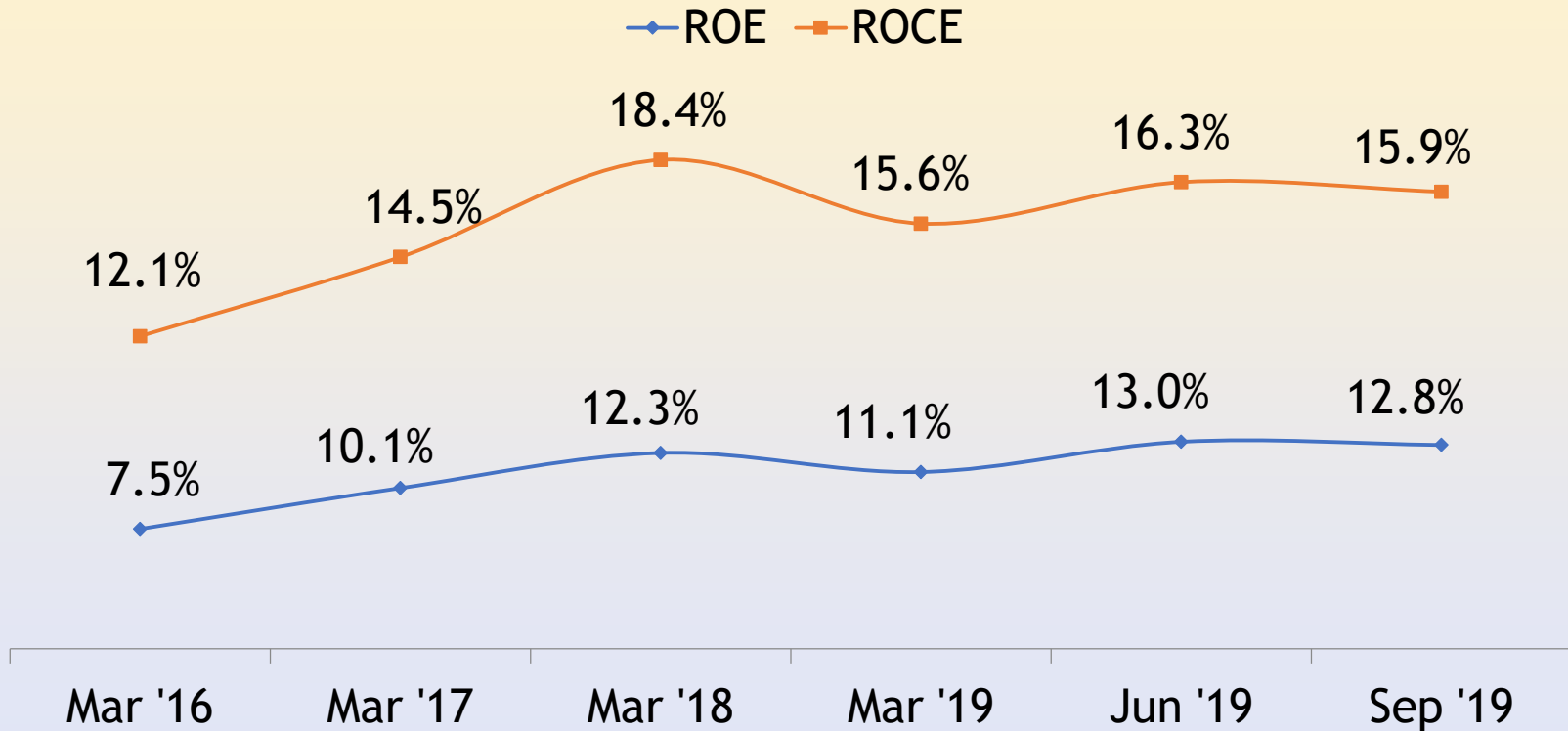
DMA Projects	Ongoing & Unsold	Under Approval*	Land Bank
DMA	0.28	0.88	-

\*Upcoming projects in the next 12 months

Note: Saleable area in million square feet 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

## 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

- 1.2 msf across 12 asset-light society redevelopment projects in Mumbai
- To launch upscale Koramangala project in Bengaluru and a few Mumbai projects in FY20
- Mumbai and Bengaluru expected to grow to ~25% of sales by 2020

## TAX BENEFITS FROM RECENT AMENDMENTS

- Substantial savings in tax out-go due to reduction of corporate tax rate
- Savings to be used for growth capital and operational excellence

## NEW PROJECT ACQUISITION

- Targeting acquisitions of 10-12 msf additional land bank through outright/structured deals and JVs/DMA's with land owners and other developers

## 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 strong return profile with ROCE of 15.6% in FY19
- 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

## Times Realty Icons



Brand Realtor 2019 KPDL By Times Realty Icons

# Awards & Recognition



## 24K SHINES AGAIN

We are delighted to share that our uber luxurious residential projects have received the prestigious Realty Plus awards.



24K Atria



24K Opula

# 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 ~18 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](http://www.koltepatil.com)

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