

A Different Way of Doing Real Estate - Kolte-Patil Developers Ltd.

The real estate sector again showed resilience in FY21 and reported a strong improvement in the second half of the year. There are visible signs of consolidation towards branded developers with strong balance sheets who have a history of timely delivery and execution. In fact, the consolidation seems to be stronger than the earlier ones due to RERA, GST, Demonetization and NBFC crisis.

The entire real estate ecosystem has transformed into being truly 'Aatmanirbhar' where all the stakeholders including Developers, Channel Partners, bankers, governments and consumers are choosing prudence, transparency, quality and execution.

Over the last year, the entire KPDL team came together and displayed unwavering focus in embracing innovation, adaptability and change in the midst of several pandemic induced uncertainties. Hence, despite operating in Pune and Mumbai, two cities which have been one of the most impacted by the pandemic, the recovery in their performance in H2 is quite noteworthy – Collections up 2.7x, Sales Value up 2.4x and Sales Volume up 2x compared to H1. In a year where they got only eight months to operate optimally, they have achieved strong recovery.

Capital availability is a key differentiator

Multiple disruptions and shrinking NBFC funding have shrunk the liquidity for developers. Whereas, Q4FY21 was the best ever quarter for the organization in terms of collections – highest in the company's three-decade history. They have had consecutive record breaking quarters in terms of collections this year and have managed to reduce Net Debt further during Q4 enabling to deliver healthy free cash flows.

Business Development opportunities have improved

Since the lockdown there is an increasing recognition amongst land-owners/smaller developers of the benefits of tying up with larger branded developers with access to better borrowing costs, better pricing power, faster execution and cash flow generation. Recently, KPDL added three new projects with a combined saleable area



Gopal Sarda, Group CEO Kolte-Patil Developers Ltd.

KPDL has closed Q4FY21 with strong sales momentum both on a YoY and QoQ basis that has allowed them to surpass their stated annual guidance. FY21 sales bookings of 2.08 msf are above the guidance of 1.8 msf by 15.6%. Q4FY21 has been their best ever sales quarter in the last six years both in terms of volume and value. They have had two successful launches recently – 'Universe' at 'Life Republic', Pune and 'Evara' at Borivali. Evara, which has been the first new launch in Mumbai in four years, has sold 75% of the total inventory in the project within few months. Contribution from projects in Mumbai and Bengaluru have now expanded to ~Rs. 300 cr, which is ~25% of FY21 Sales Value, diversifying the business portfolio further.

of 2.2 msf under revenue share and profit share structures which will further, strengthen its market share in Pune. The expected Total Topline from these projects is ~Rs. 1,500 crore and KPDL PBT is of ~Rs. 220 cr; which will further improve ROCEs.

The pandemic and increased work from home trend has heightened the need amongst buyers to own a home. They remain confident of the structural demand theme of Indian real estate driven by a combination of low interest rates, lack of appreciation in inflation adjusted home prices since several years and overall consolidation. They look forward to sustain the FY21 performance momentum and spirit, and create newer records in the coming year. The company has a strong pipeline of new launches with an aggregate potential sales area of ~5.9 msf and a top line potential of ~Rs. 5,200 crore drawn from eight launches in Pune, two in Mumbai, and one in Bengaluru. The group is happy with the way their Mumbai journey is shaping up, and expect to record a strong performance from this market in the coming year on the back of two new launches – Verve at Goregaon and Vaayu at Dahisar.