

Q2 & H1 FY2015 Results Presentation

Kolte-Patil Developers Limited



**LEAPING
FORWARD**



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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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CEO's Message



Commenting on the performance for Q2 FY2015, Mr. Sujay Kalele, CEO, Kolte-Patil Developers Ltd. said,

"Despite a seasonally weak quarter we have delivered a strong performance recording an 32% YoY increase in our pre-sales to 0.6 msf. We sold 516 units during the quarter – almost six units a day. This takes our pre-sales to 2 msf. in this calendar year which is a significant increase as compared to 1.8 msf. recorded in the entire calendar year last year.

Our new launches continue to perform well, meeting our expectations. We further saw the launch of the second phase of our Jazz project in Aundh during the quarter which was well received. With the approaching festive season and an anticipated improvement in consumer sentiment, we expect our sales performance to be further bolstered going forward.

Execution continues as per plan with many of our projects under execution reaching maturity. We expect to see an uptick in our revenue trajectory in H2 FY15 as several recent launches hit the recognition threshold. With a healthy launch pipeline with all key approvals in place, we are on a strong footing and confident of successfully executing to our strategic vision laid out for long term growth."

Business updates in Q2 FY2015

New Sales Bookings / Collections

- Recorded 0.60 msf. of new sales bookings across Pune, Bengaluru, Mumbai, Goa aggregating to 516 units
- New sales value of Rs. 344 crore
- Average price realization (APR) at Rs. 5,748/sft.
 - APR for Pune at Rs. 5,715/sft.
 - APR for Mumbai at Rs. 20,967/sft.
- Collections stood at Rs. 201 crore

Pune Update

- Three Jewels, Katraj-Kondhwa and Stargaze, Bavdhan have been strong sales drivers in H1 FY15
- Achieved 4 consecutive months of sales bookings of over 2 lakh sft per month in H1 FY15 with minor contributions from the traditional volume-driver projects such as Life Republic and Ivy Estate
- Launch of inventory/phases in marquee projects (such as LR and Ivy) should further strengthen sales momentum in H2 FY15

Key Appointment

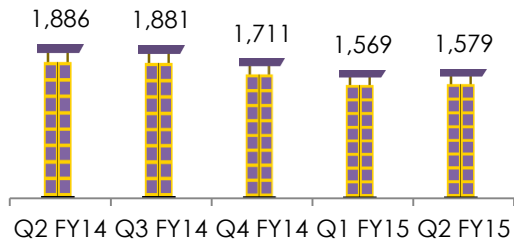
- Appointed Ms. Shraddha Jain as Chief Financial Officer
- Entrusted with the responsibility of driving strategic financial functions, including financial planning, external reporting, strengthening internal control systems and processes across the group

Financial Performance

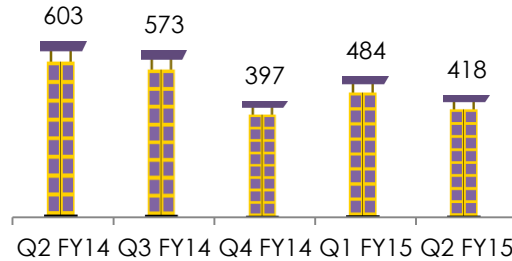
- Revenues down 16% YoY to Rs. 158 crore → should see gradual recovery to an improved run rate from Q3 driven by contribution from recently launched projects (Jazz, Kondhwa)
- EBITDA down 31% YoY to Rs. 42 crore, driven by higher employee costs, sales & marketing expenses
- PAT was down 61% YoY to Rs. 13 crore, due to lower other income from subsidiaries and higher minority interest payouts

Performance Highlights

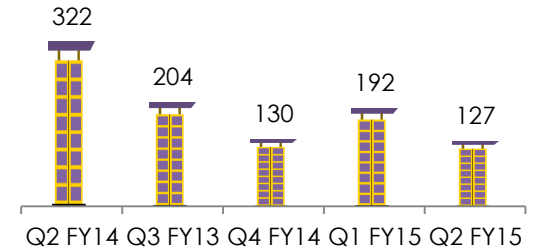
Revenue, Rs. mn



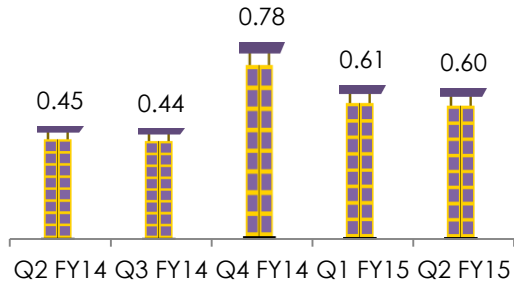
EBITDA, Rs. mn



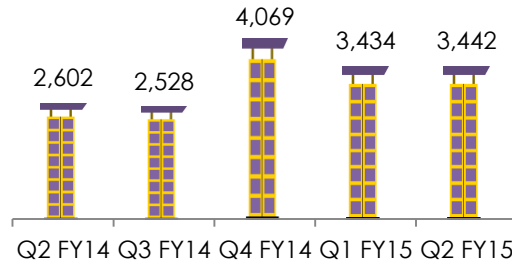
PAT, Rs. mn



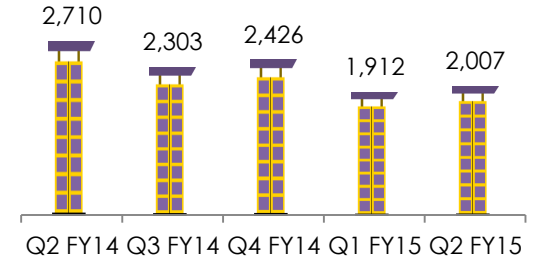
Sales Volume, million sq. ft



Sales value, Rs. mn



Total Collections, Rs. mn



New Sales Analysis – Q2 FY15

msf.

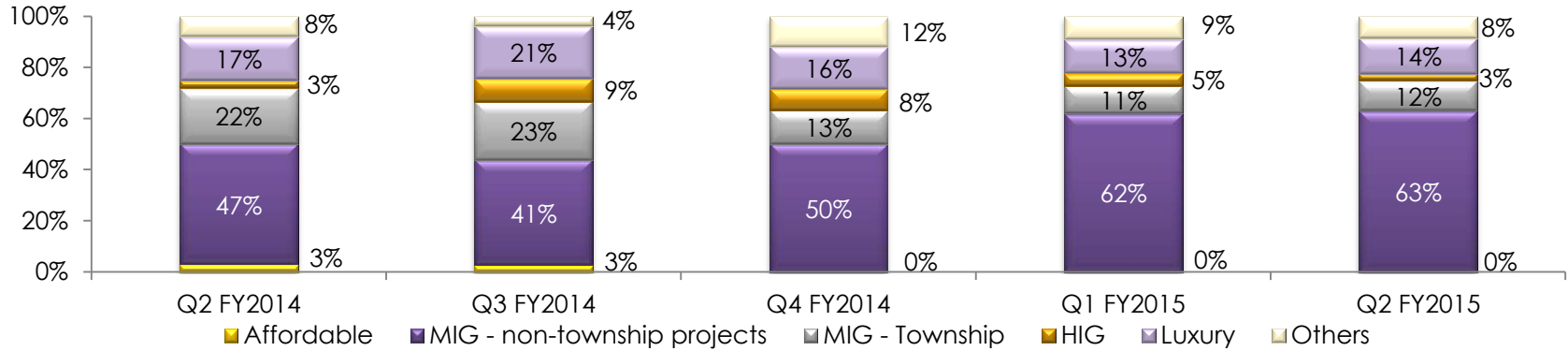
0.45

0.44

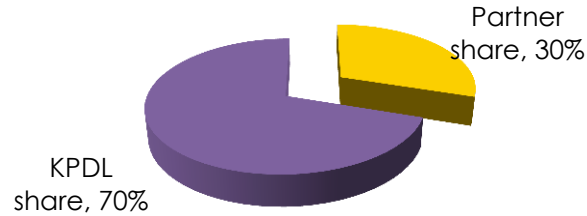
0.79

0.61

0.60



Split by share – Q2 FY15 (%)



Profit and Loss Snapshot – Q2 FY15 vs Q2 FY14

P&L Snapshot (Rs. crore)	Q2 FY2015	Q2 FY2014	YoY (%)
Total operating income	157.9	188.6	-16.3%
Total Expenses	118.4	130.0	-8.9%
EBITDA	41.8	60.3	-30.7%
EBITDA Margin (%)	26.5%	32.0%	
EBIT	39.5	58.6	-32.6%
EBIT Margin (%)	25.0%	31.1%	
Profit before tax	30.8	52.4	-41.2%
Profit after tax	19.7	35.5	-44.5%
Minority Interest	7.0	3.3	112.2%
Adjusted PAT after minority interest	12.7	32.2	-60.6%
PAT margin (%)	8.0%	17.1%	
Basic EPS	1.68	4.25	

Note

- Q2 FY14 revenues included Rs. 12 crore as land divestment at Jambhe land parcel against a purchase cost of Rs. 5 crore
- Adjusted for the land sale, total revenues for Q2 FY14 stood at Rs. 177 crore, EBITDA at Rs. 53.3 crore and PAT (post minority interest) at Rs. 27.5 crore

Profit and Loss Snapshot – H1 FY15 vs H1 FY14

P&L Snapshot (Rs. crore)	H1 FY2015	H1 FY2014	YoY (%)
Total operating income	314.8	405.0	-22.3%
Total Expenses	229.3	284.8	-19.5%
EBITDA	90.3	123.9	-27.2%
EBITDA Margin (%)	28.7%	30.6%	
EBIT	85.4	120.1	-28.9%
EBIT Margin (%)	27.1%	29.7%	
Profit before tax	72.4	106.7	-32.1%
Profit after tax	46.9	71.7	-34.5%
Minority Interest	15.0	13.1	14.7%
Adjusted PAT after minority interest	31.9	58.6	-45.5%
PAT margin (%)	10.1%	14.5%	
Basic EPS	3.97	7.73	

Note

- ✚ Q2 FY14 revenues included Rs. 12 crore as land divestment at Jambhe land parcel against a purchase cost of Rs. 5 crore
- ✚ Adjusted for the land sale, total revenues for Q2 FY14 stood at Rs. 177 crore, EBITDA at Rs. 53.3 crore and PAT (post minority interest) at Rs. 27.5 crore

Balance Sheet Perspective

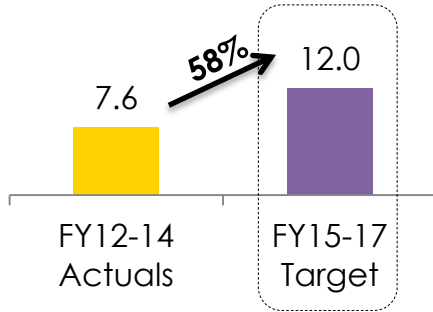
Balance Sheet Snapshot (Rs. crore)	30 th September, 2014	30 th June, 2014	31 st March, 2014
Net Worth	832	825	806
Gross debt	338	332	337
Cash & cash equivalents	57	57	70
Current Investments	32	20	15
Net debt**	133	140	136
Inventories	1,306	1,258	1,269
Net debt/Equity (x)**	0.16	0.17	0.17
ROE (%)	7.9%	10.3%	11.4%
ROCE (%)	15.3%	17.1%	18.7%

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

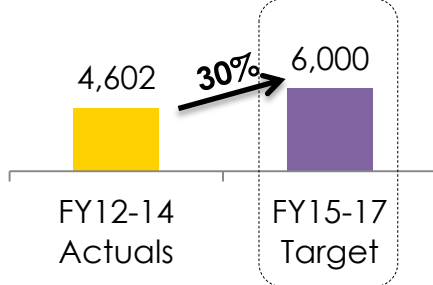
Note - ROE = PAT/Networth; ROCE = EBIT/Capital Employed; ROE, ROCE are calculated on a TTM basis

3 Year Growth Outlook – FY2015-17

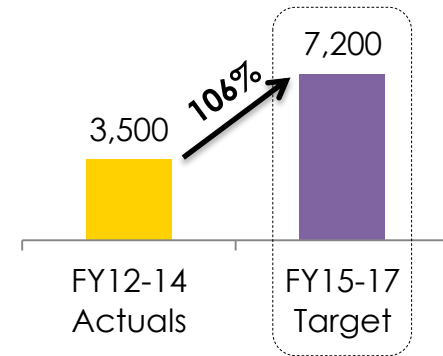
Sales volumes (msf.)



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
- ✚ Building brand presence in Bengaluru – increased contribution through activation of all projects in pipeline
- ✚ In Mumbai, add new projects in the redevelopment space while launching projects won last year
- ✚ 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 – Q2 FY2015

Gross Details (including partner's share)

Projects	Saleable Area (msf.)			Location	Area Sold (msf.)	Sales value (Rs. mn.)	Average Realization (Rs./sf.)	Collections (Rs. mn.)
	Gross	KPDL	KPDL					
Life Republic - Phase I	2.6	45%	1.2	Hinjewadi, Pune	0.07	412	5,833	435
Life Republic - Phase I - R3 Avenue	0.4	45%	0.2					
Corolla - Phase I	2.0	37%	0.7	Wagholi, Pune	0.07	302	4,298	150
Tuscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.02	116	6,869	219
Allura - Phase I	0.3	75%	0.2	Undri - NIBM, Pune	0.01	52	4,714	83
Allura - Phase II (24K Glamore)	0.3	75%	0.2		0.03	160	5,329	90
Margosa Heights I, II & III	0.9	50%	0.5	Mohamad Wadi, Pune	0.02	118	4,970	124
Downtown - Phase I & II	1.8	51%	0.9	Kharadi, Pune	0.08	478	6,225	365
Glitterati 24K	0.5	100%	0.5	Aundh Annexe, Pune	0.003	19	7,500	28
Green Olive Venture	0.1	60%	0.1	Hinjewadi, Pune	0.00	0	-	1
City Centre	0.1	60%	0.1	Hinjewadi, Pune	0.00	0	-	1
Cilantro	0.04	50%	0.0	Wagholi, Pune	0.001	4.20	3,853	6
City Bay	0.1	100%	0.1	Boat Club Road, Pune	0.00	35	13,032	7
Giga Residency	0.4	100%	0.4	Viman Nagar, Pune	0.00	0	-	0
Wakad	2.3	100%	2.3	Wakad, Pune	0.004	24	6,111	7
Jazz I & II	0.9	100%	0.9	Aundh, Pune	0.08	545	6,843	140
Kondhwa	1.4	100%	1.4	Kondhwa, Pune	0.11	572	4,972	154
Stargaze	1.1	62%	0.7	Bavdhan, Pune	0.06	398	6,443	58
Total (Pune Projects)	15.9		10.6		0.57	3,233	5,715	1,868
Ragga	0.7	100%	0.7	Hennur Road, Bengaluru	0.02	59	3,735	109
Alyssa	0.04	100%	0.0	Richmond Road, Bengaluru			-	
Mirabilis	0.9	70%	0.6	Horamavu, Bengaluru	0.01	25	4,189	2
Total (Bengaluru Projects)	1.6		1.3		0.02	83	3,859	111
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	0.005	97	20,967	27
Total Mumbai Projects)	0.2		0.2		0.00	97	20,967	27
Goa	0.1	73%	0.1	Goa	0.01	28	4,067	1
Total (Pune + Bengaluru + Mumbai + Goa)	17.6	69%	12.1		0.60	3,442	5,748	2,007

Details of Ongoing Projects - till 30th September 2014

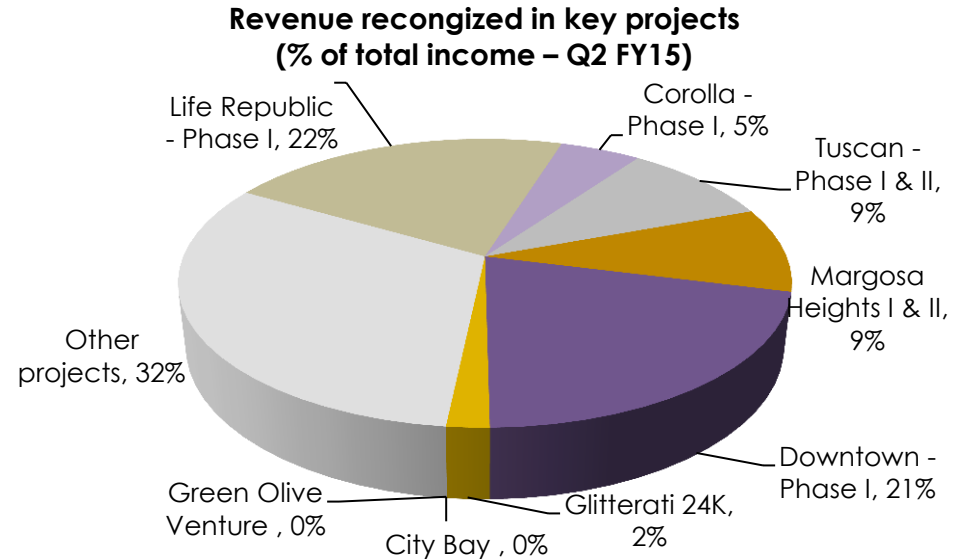
Gross Details (including partner's share)

Projects	Saleable Area (msf.)			Location	Area Sold (msf.)	Sales value (Rs. mn.)	Average Realization (Rs./sft.)	Collections (Rs. mn.)	
	Gross	KPDL Share	KPDL Share						
Projects launched between FY11-14	Life Republic - Phase I	2.6	45%	1.2	Hinjewadi, Pune	2.94	12,257	4,172	10,379
	Life Republic - Phase I - R3 Avenue	0.4	45%	0.2	Hinjewadi, Pune				
	Corolla - Phase I	2.0	37%	0.7	Wagholi, Pune	2.03	6,504	3,209	5,878
	Truscan - Phase I & II	0.8	51%	0.4	Kharadi, Pune	0.50	2,561	5,164	2,163
	Allura - Phase I	0.3	75%	0.2	Undri - NIBM, Pune	0.27	1,179	4,336	1,352
	Allura - Phase II (24K Glamore)	0.3	75%	0.2	Undri - NIBM, Pune	0.21	990	4,614	422
	Margosa Heights I, II & III	0.9	51%	0.5	Mohamad Wadi, Pune	0.88	3,219	3,670	2,820
	Downtown - Phase I & II	1.8	51%	0.9	Kharadi, Pune	0.82	4,495	5,480	2,636
	Glitterati 24K	0.5	100%	0.5	Aundh Annexe, Pune	0.47	2,328	4,984	2,213
	Green Olive Venture	0.1	60%	0.1	Hinjewadi, Pune	0.12	462	3,989	444
	City Centre	0.1	60%	0.1	Hinjewadi, Pune	0.04	245	5,813	198
	Cilantro	0.0	50%	0.0	Wagholi, Pune	0.04	144	3,527	127
	City Bay	0.1	100%	0.1	Boat Club Road, Pune	0.05	429	9,034	310
	Ragga	0.7	100%	0.7	Hennur Road, Bengaluru	0.31	1,033	3,310	573
Alyssa	0.04	100%	0.0	Richmond Road, Bengaluru					
Recent/Upcoming launches	Giga Residency	0.4	100%	0.4	Viman Nagar, Pune	0.07	602	8,146	196
	Wakad	2.3	100%	2.3	Wakad, Pune	0.18	1,187	6,432	352
	Jazz I & II	0.9	100%	0.9	Aundh, Pune	0.16	1,022	6,392	294
	Kondhwa	1.4	100%	1.4	Kondhwa, Pune	0.39	1,888	4,882	254
	Stargaze	1.1	62%	0.7	Bavdhan, Pune	0.12	736	6,366	99
	Mirabilis	0.9	70%	0.6	Horamavu, Bengaluru	0.10	414	4,174	30
	Link Palace	0.02	100%	0.02	Khar (W), Mumbai	0.00	152	34,574	67
	Jay Vijay Society	0.2	100%	0.2	Ville Parle (E), Mumbai	0.01	120	20,778	39
	Goa	0.1	73%	0.1	Goa	0.01	28	4,067	1
Total (Mature + Recent Launches)	17.8	69%	12.2		9.71	41,994	4,326	30,846	

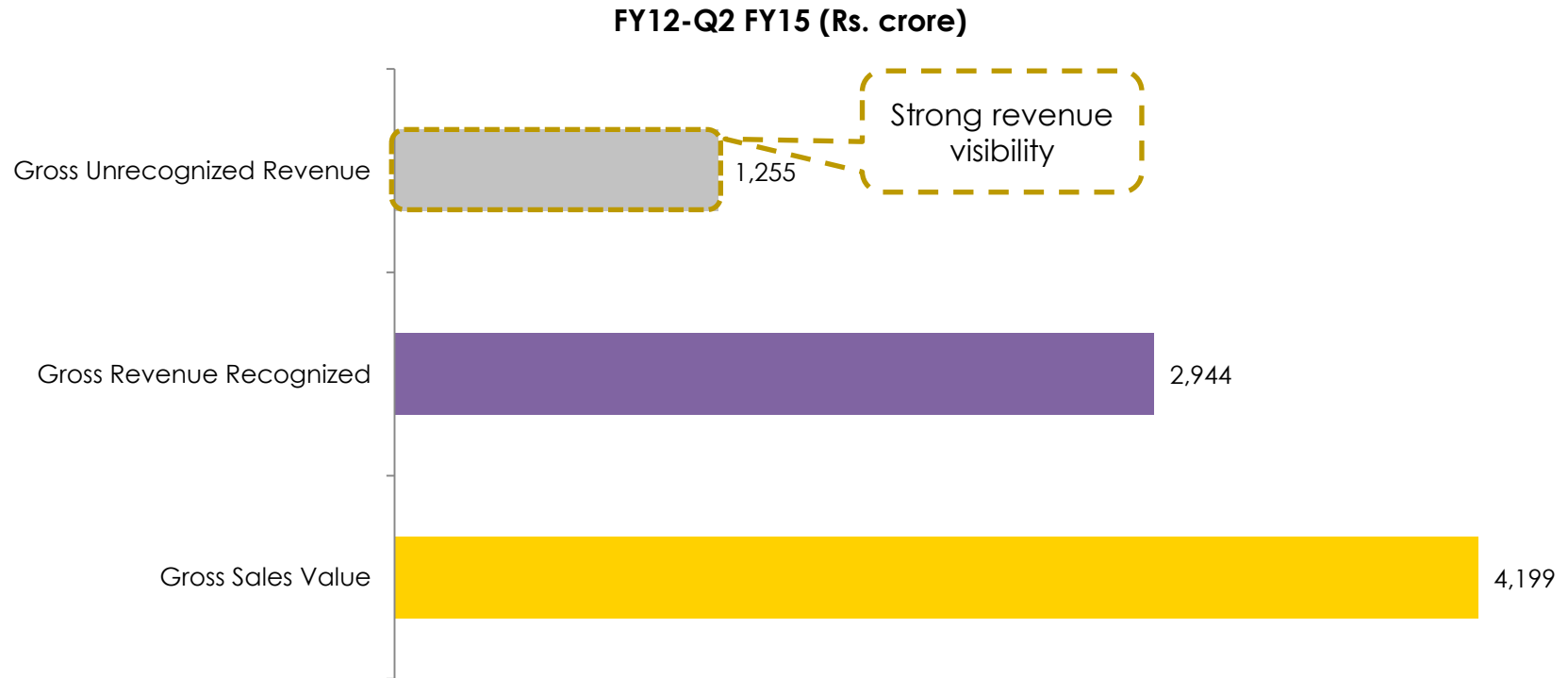
Revenue Recognized in Key Projects – Q2 FY15

Projects	KPDL Revenue Recognized (Q1 FY15)	KPDL Revenue Recognized (Q2 FY15)
Life Republic - Phase I	27	34
Corolla - Phase I	8	8
Tuscan - Phase I & II	31	15
Margosa Heights I & II	12	15
Downtown - Phase I	18	33
Glitterati 24K	7	3
City Bay	6	0
Green Olive Venture	1	0
Other projects	47	50
Total	157	158

Revenue in Rs. crore



Strong Revenue Visibility



Note – These are gross numbers including partner's share - ~80-85% will be recognized in KPD L books

Strong Revenue Visibility

Projects	Cumulative Revenues Recognized (FY12 - Q2 FY15)	Cumulative Sales Value (FY12 - Q2 FY15)	Gross Revenue to be Recognized
Life Republic - Phase I	992	1,226	234
Corolla - Phase I	518	650	132
Tuscan - Phase I & II	205	256	51
Margosa Heights I & II	246	322	76
Downtown - Phase I	254	449	195
Glitterati 24K	214	233	19
City Bay	38	43	5
Green Olive Venture	40	46	6
Kondhwa	0	189	189
Jazz I & II	0	102	102
Other projects	437	683	245
Total	2,944	4,199	1,255

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

Details of Forthcoming Projects

Projects	Saleable Area (msf.)	Location	KPDL Share (%)	KPDL Share (msf.)	Land cost* (Rs. mn.)	Approval Status/Expected date of launch
Life Republic - Phase II	6.9	Hinjewadi, Pune	45%	3.1	3,400	<ul style="list-style-type: none"> •Received LC in Mar-14 •Launch expected in H2 FY15
Sanjivani Township Phase I	6.0	Urse, Pune	50.5%	3.0	500	<ul style="list-style-type: none"> •Launch targeted by Q1 FY16
Corolla - Phase II	3.1	Wagholi, Pune	37%	1.1	946	<ul style="list-style-type: none"> •SEAC approved
Atria	0.2	Aundh, Pune	100%	0.2	375	<ul style="list-style-type: none"> •Approved – to be launched in H2 FY15
Glitterati II	0.3		100%	0.3		<ul style="list-style-type: none"> •Launch expected in FY16
Green Olive - Phase II	0.1	Hinjewadi, Pune	60%	0.1	25	<ul style="list-style-type: none"> •Launch expected in FY16
The Classique	0.2	Kormanagala, Bengaluru	100%	0.2	130	<ul style="list-style-type: none"> •Launch expected in FY16
Hosur Road	0.6	Bengaluru	100%	0.6	600	<ul style="list-style-type: none"> •Launch expected in FY16
Jay-Vijay Society	0.2	Ville Parle (E), Mumbai	100%	0.2	NA	<ul style="list-style-type: none"> •Launch expected by Q4 FY15
Jumbo Darshan	0.1	Anderi (E), Mumbai	100%	0.1	NA	<ul style="list-style-type: none"> •Launch expected by Q1 FY16
Total (msf.)	17.7			8.9	5,976	

*This is the land cost for all phases of a particular project

Note: Pre-sales at Jay-Vijay Society have already commenced

Future Development Potential

Project	Title/MOU/DAPA /Saledeed/JV	Area (msf.)	KPDL Share (%)	KPDL Share (msf.)	Comment
Sanjivani Township, Urse, Pune Phase II	JV	9.0	50.5%	4.5	<ul style="list-style-type: none"> •50.5% profit sharing JV with Sanjivani Remedies, a Pune based Pharma firm
Ghotawade, Pune	JV	3.2	50%	1.6	<ul style="list-style-type: none"> •JV with a petroleum company •Awaiting zone clearance from the Department of Urban Development
Sadapur, Lonavala	JDA	4.0	33.30%	1.3	<ul style="list-style-type: none"> •Target launch of residential project in 2015
Lohgad, Lonavala	JDA	0.2	33.30%	0.1	<ul style="list-style-type: none"> •At the design drawing level
Aundh, Pune	JV	1.0	100%	1.0	<ul style="list-style-type: none"> •Not under approval stage for next one year
Kalyani Nagar	Owned	0.6	100%	0.6	<ul style="list-style-type: none"> •Not under approval stage for next one year
Boat Club Road, Pune	Sale deed	0.3	100%	0.3	<ul style="list-style-type: none"> •Not under approval stage for next one year
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 (KPD 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, construction 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.

For further information, please contact:

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Thank you

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