

Q2 FY2014 Results Presentation

Kolte-Patil Developers Limited



LEAPING FORWARD



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CEO's Message



Commenting on the performance for Q2 FY2014, Mr. Sujay Kalele, CEO, Kolte-Patil Developers Ltd. said,

“We have delivered yet another stable performance in a seasonally weak quarter. Our sales momentum has been encouraging having recorded 0.9 msf. of new area sales in the first half of the year despite a challenging approval scenario.

We forayed into the Mumbai market during the quarter with our first project on Khar-Linking Road in the redevelopment space. We plan to expand judiciously in this market based on the same principles and strategies that have driven our successes till date.

The quarter further saw the launch of four new projects in Pune to the tune of 1.8 msf. These along with subsequent new launches expected in Q3, will translate into an uptick in sales volume in the second half and enable us to maintain our annual run-rate of 2.5 msf.

Going forward we are focused on rapidly consolidating our market leadership in Pune and expanding our presence in Bangalore and Mumbai, while maintaining our focus on high quality, timely delivery and cash flows.”

Business updates in Q2 FY2014

Financial Performance

- ✚ Revenues down 2% YoY to Rs. 189 crore
- ✚ EBITDA growth of 73% YoY to Rs. 60 crore; margins expand 14 percentage points to 32%
- ✚ PBT growth of 72% to Rs. 52 crore
- ✚ PAT (after minority interest) growth of 64% YoY to Rs. 32 crore
- ✚ Declared interim dividend of Rs. 1.50 per share, amounting to ~20% of 1H14 PAT

New Sales Bookings / Collections

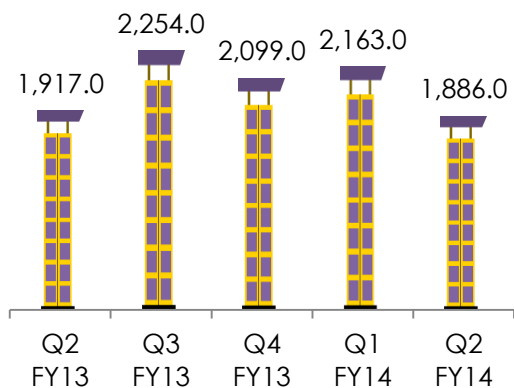
- ✚ Recorded 0.45 msf. of new sales booking
- ✚ Sales value of Rs. 260 crore
- ✚ Average price realization (APR) at Rs. 5,738/sft.; residential APR at Rs. 5,200/sft
- ✚ Collections stood at Rs. 271 crore

New Launches / Approvals received

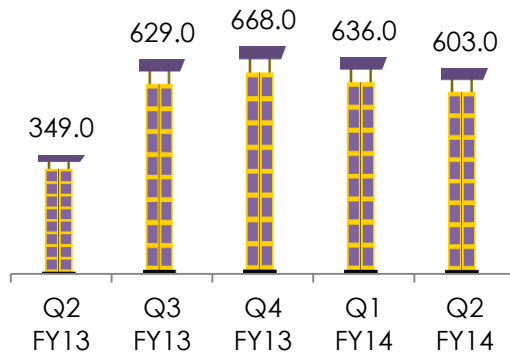
- ✚ 3rd Avenue in Life Republic Phase I of 0.3 msf.
- ✚ 24 K Glamore in NIBM of 0.4 msf.
- ✚ Downtown in Kharadi of 0.7 msf.
- ✚ Tuscan Phase II in Kharadi of 0.4 msf.
- ✚ Launched Phase II in Raaga of 0.3 msf.

Performance highlights

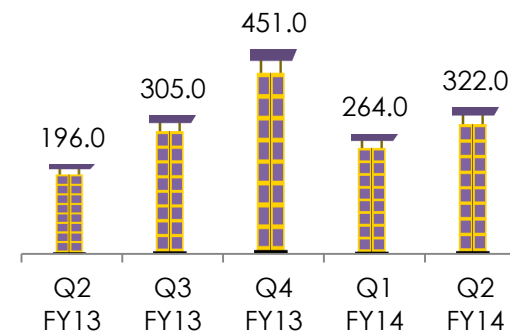
Operating income, Rs. mn



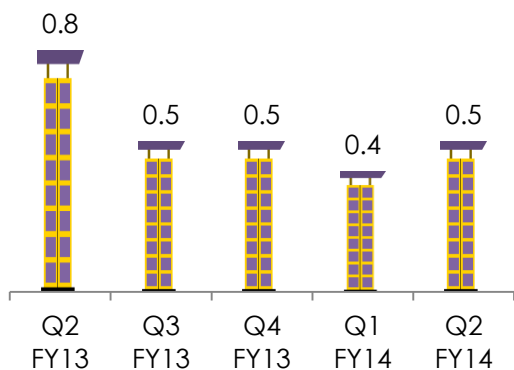
EBITDA, Rs. mn



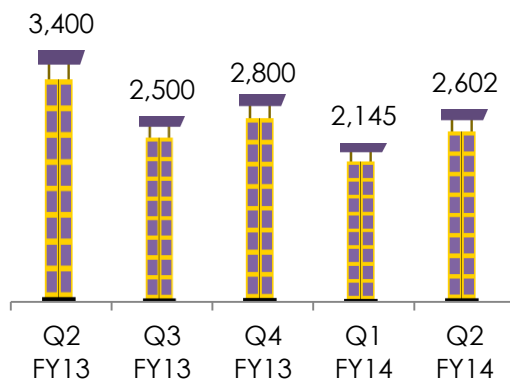
PAT, Rs. mn



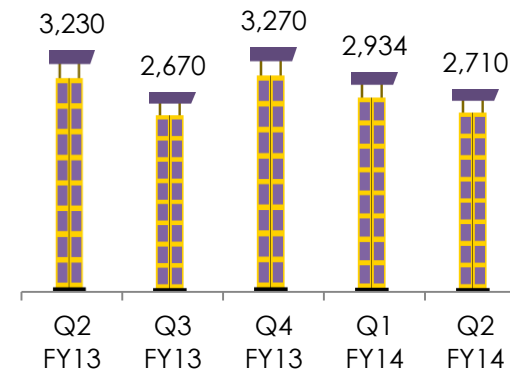
Sales Volume, million sq. ft



Sales value, Rs. mn



Total Collections, Rs. mn



Q2 FY14 New sales analysis

msf.

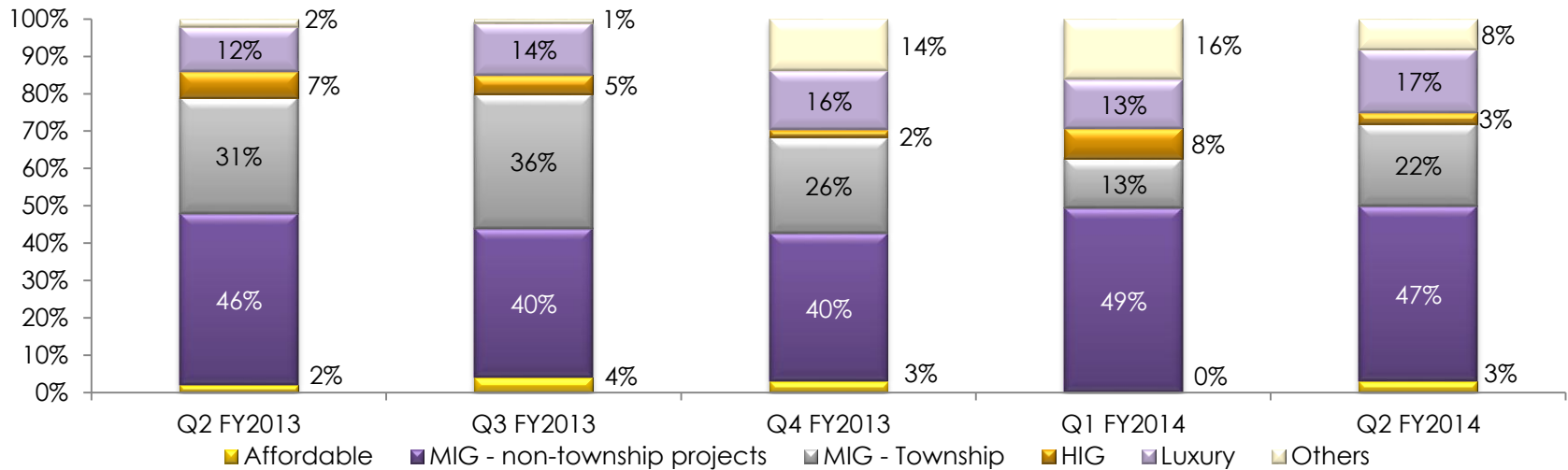
0.83

0.50

0.48

0.44

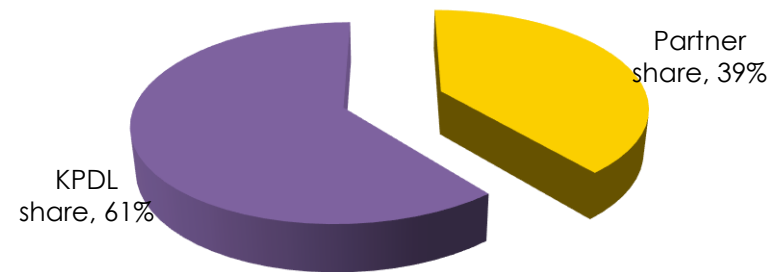
0.45



Split by project type – Q2 FY14 (%)



Split by share – Q2 FY14 (%)

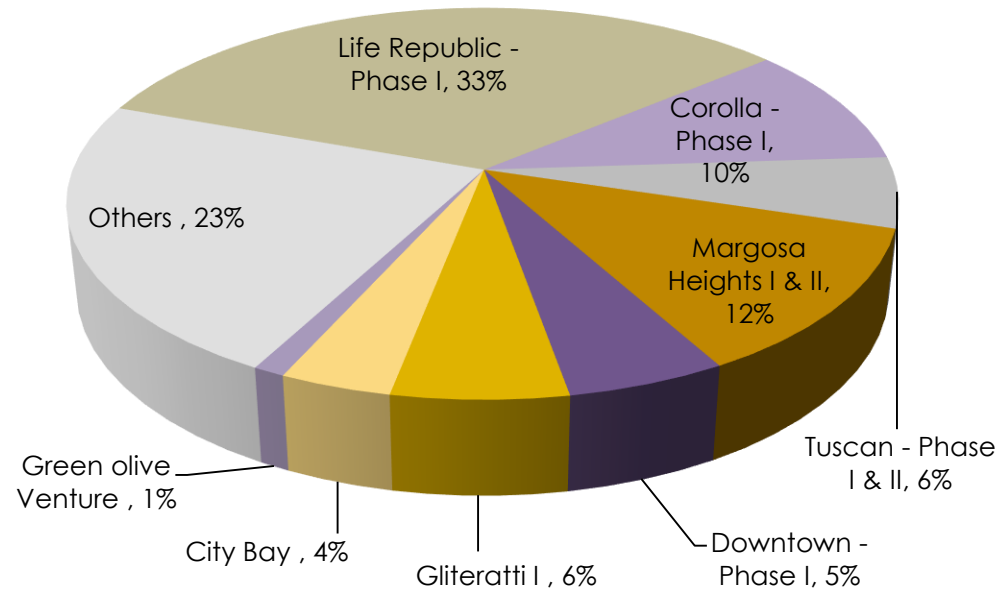


Revenue recognized in Q2 FY14 – key projects

Revenue recognized in key projects – Q2 FY14

Projects	Revenue recognized in Q1 (Rs. cr)	Revenue recognized in Q2 (Rs. cr.)
Life Republic - Phase I	49	63
Corolla - Phase I	22	19
Tuscan - Phase I & II	15	11
Margosa Heights I & II	27	23
Downtown - Phase I	38	10
Gliteratti I	13	11
City Bay	3	7
Green olive Venture	2	2
Others	47	43
Total	216	189

Revenue recognized in key projects (% of total income – Q2 FY14)



Profit and Loss Snapshot - Q2 FY14 vs Q2 FY13

P&L Snapshot (Rs. crore)	Q2 FY2014	Q2 FY2013	YoY (%)
Total operating income	188.6	191.7	-1.6%
Total Expenses	130.0	157.9	-17.7%
EBITDA	60.30	34.9	72.8%
EBITDA Margin (%)	32.0%	18.2%	+1380 bps
EBIT	58.6	33.8	73.3%
EBIT Margin (%)	31.1%	17.7%	+1340 bps
Profit before tax	52.4	30.5	72.1%
Profit after tax	35.5	20.4	74.6%
Minority Interest	3.3	0.7	343.3%
Adjusted PAT after minority interest	32.2	19.6	64.4%
PAT margin (%)	17.1%	10.2%	+690 bps
Basic EPS	4.25	2.59	64.1%

- ✚ Land divestment of 6.4 acres at Jambhe for Rs. 12 crore during Q2 FY14; Purchase cost of the said land parcel was Rs. 5 crore; sale proceeds utilized towards Wakad land payment
- ✚ Adjusted for the land sale, total revenues 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 FY14 vs H1 FY13

P&L Snapshot (Rs. crore)	H1 FY2014	H1 FY2013	YoY (%)
Total operating income	405.0	292.1	38.6%
Total Expenses	284.8	231.5	23.0%
EBITDA	123.90	62.3	98.9%
EBITDA Margin (%)	30.6%	21.3%	+1380 bps
EBIT	120.1	60.6	98.2%
EBIT Margin (%)	29.7%	20.8%	+1340 bps
Profit before tax	106.7	52.4	103.5%
Profit after tax	71.7	34.5	107.8%
Minority Interest	13.1	2.6	394.1%
Adjusted PAT after minority interest	58.6	31.9	84.0%
PAT margin (%)	14.5%	10.9%	+360 bps
Basic EPS	7.73	4.21	83.6%

Balance Sheet Perspective

Balance Sheet Snapshot (Rs. cr)	30th September, 2013	30th June, 2013	31st March, 2013
Net Worth	780	744	717
Gross debt	265	239	175
Cash & cash equivalents	58	53	112
Current Investments	24	49	8
Net debt	183	137	55
Inventories	1,269	1,128	983
Net debt/Equity (x)	0.2	0.2	0.1
ROE (%)	15.4%	16.3%	15.0%
ROCE (%)	21.6%	22.5%	20.9%

ROE = PAT/Networth

ROCE = EBIT/Capital Employed

Note – ROE, ROCE are calculated on a TTM basis

Details of Ongoing Projects - Q2 FY2014

Details of ongoing projects in Q2 FY2014

Projects	Saleable Area (msf.)	Location	KPDL Share (msf.)	Area Sold (msf.)	Sales value (Rs. mn.)	Collections (Rs. mn.)	Average Realization (Rs./sq.ft.)
Life Republic - Phase I	2.6	Hinjewadi, Pune	1.2	0.03	565	1,144	5,630
Life Republic - Phase I - R3 Avenue	0.3		0.1	0.08			
Corolla - Phase I	1.9	Wagholi, Pune	0.7	0.05	193	321	4,241
Tuscan - Phase I & II	0.8	Kharadi, Pune	0.4	0.01	83	85	5,755
Allura - Phase I	0.3	Undri - NIBM, Pune	0.2	0.01	83	106	5,582
Allura - Phase II	0.3		0.2	0.02	102		5,698
Margosa Heights I & II	0.7	Mohamad Wadi, Pune	0.4	0.04	201	215	4,497
Downtown - Phase I & II	1.8	Kharadi, Pune	0.3	0.11	815	329	7,435
Glitterati 24K	0.5	Aundh Annexe, Pune	0.5	0.02	148	195	6,077
Green Olive Venture	0.1	Hinjewadi, Pune	0.1	-	-	12	-
Green Olive Commercial	0.1		0.1	-	-	-	-
Cilantro	0.1	Wagholi, Pune	0.03	0.00	10	12	3,613
City Bay	0.1	Boat Club Road, Pune	0.1	-	-	84	-
City Centre	0.1	Hinjewadi, Pune	0.1	0.00	10	23	6,230
Margosa III	0.3	Mohamad Wadi, Pune	0.2	-	-	-	-
Giga Residency	0.4	Viman Nagar, Pune	0.4	-	-	-	-
Wakad	2.0	Wakad, Pune	2.0	0.02	150	112	7,402
Jazz	0.9	Aundh, Pune	0.9	0.02	115	20	6,340
Total (Pune Projects)	13.3		8.0	0.42	2,473	2,656	5,908
Ragga	0.7	Hennur Road, Bengaluru	0.7	0.04	129.5	54	3,700
Alyssa	0.04	Richmond Road, Bengaluru	0.04	-	-	-	-
Total (Bengaluru Projects)	0.7		0.7	0.04	130	54	3,700
Total (Pune + Bengaluru)	14.0		8.7	0.45	2,602	2,710	5,738

Details of Ongoing Projects - till date

Details of ongoing projects as on 30th September, 2013

Projects	Saleable Area (msf.)	Location	KPDL Share (msf.)	Area Sold (msf.)	Sales value (Rs. mn.)	Collections (Rs. mn.)
Life Republic - Phase I	2.6	Hinjewadi, Pune	1.2	2.6	10,515	7,881
Life Republic - Phase I - R3 Avenue	0.3	Hinjewadi, Pune	0.1	0.1		
Corolla - Phase I	1.9	Wagholi, Pune	0.7	1.8	5,537	5,064
Tuscan - Phase I & II	0.8	Kharadi, Pune	0.4	0.4	1,739	1,473
Allura - Phase I	0.3	Undri - NIBM, Pune	0.2	0.2	1,037	921
Allura - Phase II	0.3	Undri - NIBM, Pune	0.2	0.0	102	0
Margosa Heights I & II	0.7	Mohamad Wadi, Pune	0.4	0.6	2,323	2,184
Downtown - Phase I & II	1.8	Kharadi, Pune	0.9	0.5	2,514	1,308
Glitterati 24K	0.5	Aundh Annexe, Pune	0.5	0.4	2,153	1,875
Green Olive Venture	0.1	Hinjewadi, Pune	0.1	0.1	431	418
Green Olive Commercial	0.1	Hinjewadi, Pune	0.1	0.0	0	0
Ragga	0.7	Hennur Road, Bengaluru	0.7	0.2	725	183
Cilantro	0.1	Wagholi, Pune	0.1	0.0	126	97
City Bay	0.1	Boat Club Road, Pune	0.1	0.0	317	244
City Centre	0.1	Hinjewadi, Pune	0.1	0.0	238	140
Margosa III	0.3	Mohamad Wadi, Pune	0.2	0.1	271	73
Giga Residency	0.4	Viman Nagar, Pune	0.4	0.1	434	74
Alyssa	0.04	Richmond Road, Bengaluru	0.0	0.0	0	0
Wakad	2.0	Wakad, Pune	2.0	0.1	474	172
Jazz	0.9	Aundh, Pune	0.9	0.0	115	20
Total	14.0		9.2	7.47	29,048	22,125

Note – At Wakad, KPDL has soft launched 0.2 msf. While the remaining is still under approval stage

Details of Forthcoming Projects

Projects	Saleable Area (msf.)	Location	KPDL Share (%)	Land cost (Rs. mn.)	Approval Status/Expected date of launch
Life Republic - Phase II	6.9	Hinjewadi, Pune	45%	3,400	Under approval process
Corolla - Phase II	2.5	Wagholi, Pune	37%	946	Expected by end-FY14
Atria	0.2	Aundh, Pune	100%	375	Under approval process
Glitterati II	0.3		100%		Under approval process
Green Olive- Phase II	0.1	Hinjewadi, Pune	60%	25	Under approval process
Bavdhan	1.1	Pune	62%	90	Launch expected before end-FY14
The Classique	0.2	Kormanagala, Bengaluru	100%	130	Launch expected by 1H FY15
Mirabilis	0.6	Horamavu, Bengaluru	100%	70	Launch expected in Q3 FY14
Hosur Road	0.6	Bengaluru	100%	600	Launch expected by 1H FY15
Total (msf.)	12.5			5,636	

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

Future Development Potential

Project	Title/MOU/DAPA /Saledeed/JV	Area (msf.)	Share of KPDL	KPDL Share (msf.)*	Comment
Sanjivani Township, Urse, Pune	JV	15.0	50%	7.5	<ul style="list-style-type: none"> 50:50 profit sharing JV with Sanjivani Remedies, a Pune based Pharma firm Launch targeted by end-FY14 Awaiting land clearance from the Department of Urban Development
Ghotawade, Pune	JV	3.2	50%	1.6	<ul style="list-style-type: none"> JV with a petroleum company Target to launch a residential project by 1QFY15 Awaiting zone clearance from the Department of Urban Development
Sadapur, Lonavala	JDA	4.0	33.3%	1.3	<ul style="list-style-type: none"> Target launch of residential project in 2014 At the design drawing level.
Lohgad, Lonavala	JDA	0.2	33.3%	0.1	
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	Saledeed	0.3	100%	0.3	<ul style="list-style-type: none"> Launch expected by end-FY2015
Total		24.3		12.4	

Expected divestment of agricultural plots

Project	Location	Area (acres)	Title/MOU/DAPA /Saledeed/JV	Share of KPDL	KPDL Share (acres)
Jambhe	Jambhe (Pune)	6	Saledeed	100%	6
Fursungi	Fursungi (Pune)	35	Saledeed/ MOU	100%	35
Kalus-Kharpudi	Chakan, Pune	44	Saledeed	100%	44
Yavat	Solapur Road, Pune	7	Saledeed/POA	100%	7
Total		91			91

✚ Land divestment of 6.4 acres at Jambhe for Rs. 12 crore during Q2 FY14

Outlook for FY2014

Operational Parameters

- ✦ Focused on maintaining construction quality and adherence to strict delivery timelines

Demand environment

- ✦ Demand situation impacted by volatile macro environment and slowdown in approval sanctions
- ✦ Customers turning to companies with strong, on-time delivery track record

New Sales and Realization

- ✦ Sales momentum to continue with expectations of ~2.5 million square feet of new area sales
- ✦ Average realized rate expected at over Rs. 5,000/sq. ft.

Geographical Expansion

- ✦ Evaluating various society redevelopment projects in the Mumbai market

Corporate Governance

- ✦ Focus on strengthening corporate governance practices and increasing organizational competences

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 42 projects including 30 residential complexes, 8 commercial complexes, and 4 information technology parks covering a saleable area (KPD share) of over 7.5 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 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, Board constitution with 50% Independent Directors, 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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