

Kolte-Patil Developers Limited  
Integrated Annual Report 2019-20

# Anti-Fragile

How we built a company that proved sustainable across the years,  
market cycles, geographies and customer preferences

**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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### Abbreviations used in the Annual Report

IOD: Intimation of Disapproval or Authorisation (first permit for construction); key approval or milestone in redevelopment projects  
OC: Occupation Certificate (facilitating apartment handover)

At Kolte-Patil Developers Limited, we have built a business model designed to resist sectorial downtrends on the one hand and capitalise disproportionately on economic rebounds on the other.

The objective at our Company is not merely to resist the slowdown; it is to grow and enhance value attractively through the slowdown, validating our outlier positioning.

A positioning described in two words.

*Anti-fragile.*

# Kolte-Patil Developers Limited.

One of India's most exciting real estate development companies.

Not because it markets more apartments in Pune than any other Company...



## Footprint

Kolte-Patil Developers Ltd. is one of India's leading residential real estate companies. The Company was formed nearly three decades ago with the philosophy of 'Creation, not Construction'. Over the years, the Company has established itself as one of the leading residential real estate developers in the country.

Even as the Company is headquartered in Pune, it is present in three Indian markets with attractive potential – Pune, Mumbai and Bengaluru. The Company has been enjoying a dominant position in Pune for years, holding its ground against national builders of repute. The Company has developed and constructed over 50 projects, including residential complexes, commercial complexes and IT Parks covering a saleable area of over 20 million square feet across the markets of its presence.



## Promoters

The promoters of Kolte-Patil Developers Limited possess three decades of rich sectorial experience. The result is that the Company has weathered a number of market cycles, validating its competitiveness in even some of the most challenging economic phases. The promoters validated their employees-first commitment when they voluntarily took a 50% salary reduction in FY21 to tide over the COVID-19 uncertainty.



## Track record

The Company has delivered over 20 million sq ft of residential units across Pune, Bengaluru and Mumbai in its existence. The Company had about 10 million sq ft under execution (sold and unsold) by the close of FY20.



## Credit rating

The Company is not only a respected developer; it is also one of the least leveraged, with an established track record of positive operating cash flows. The Company enjoyed CRISIL A+ / Stable rating, one of the highest ratings accorded to an Indian residential real estate developer by CRISIL.

But because it refuses to believe that a market is so bad that nothing can sell.

But because it refuses to be convinced that a word called 'impossible' exists.

But because it refuses to believe that you need to mobilise debt to enhance shareholder value.

But because it refuses to believe that you need to have compromised profitability to enhance revenues.

But because it refuses to accept post-tax profit as the sole index of growth but prioritises the role of cash flows as well.

But because it believes that it is not just profit generation but prudent capital allocation that makes companies truly successful.



#### Marquee investors

The Company attracted prominent global investment firms to invest in its projects, validating the Company's competence and credibility. For instance, the prominent Kohlberg-Kravis Roberts (KKR) committed ₹193 Crore in R1 sector of Life Republic, Pune; the Company entered into a ₹120 Crore agreement with an affiliate of J.P. Morgan Asset Management for its redevelopment project Jay-Vijay Society in Vile Parle (E), Mumbai. Portman Holdings accounted for 49% of the Company's Tuscan Estate property (Pune). ASK accounted for 70% of Three Jewels. The Company's shares are owned by prominent foreign institutional investors like Pabrai Funds (9.7%) and Goldman Sachs (3.7%), among others, as on 31 March, 2020.



#### Brands

Kolte-Patil markets projects under two brands: 'Kolte-Patil' (addressing the mid-priced and affordable residential segment) and '24K' (addressing the premium luxury segment). The Company executed projects in multiple segments – standalone residential buildings and integrated townships.



#### Ecosystem of capabilities

The Company is driven by a holistic ecosystem of competence that includes: construction timeliness, sales effectiveness, customer relationship management, investment in cutting-edge technologies, strong processes and informed decision-making. The Company invested in benchmark technologies like Aluform technology from Korea, adhesive technology from Italy, water-proofing technology from Germany, pre-fabricated door technology from Japan and even entered into collaboration with Dulux to provide world-class services. The Company was also among the first to implement advanced CRM SAP-based ERP in India's real estate sector.



#### Institutional frameworks

Kolte-Patil is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Several of the Company's projects were certified by the Indian Green Building Council (IGBC).



# Milestones and achievements

## TRANSFORMATIVE JOURNEY

**1991:** Company Incorporated as Kolte-Patil Developers Private Limited in Pune.

**1994:** The Company entered the Bengaluru real estate market.

**2007:** The Company went public following a successful IPO, raising ₹275 Crore. It was listed on the Bombay Stock Exchange and National Stock Exchange.

**2007-11:** The Company signed joint ventures with ICICI Ventures, Portman Holdings and IL&FS for numerous projects.

**2010:** The Company launched '24K' to cater to the increasing luxury real estate demand.

**2011:** The Company launched its 390-acre township Life Republic near Hinjewadi, Pune

**2013:** The Company entered the Mumbai real estate market and signed three society redevelopment projects in the first year of operations

**2015:** The Company crossed the milestone of developing 10 million square feet of residential area

**2015:** The Company entered into a ₹120 Crore transaction with a JP Morgan India subsidiary for its redevelopment project Jay-Vijay in Vile Parle, Mumbai

**2017:** The Company received an investment of ₹193 Crore from global

investment firm, KKR, for R1 sector of Life Republic.

**2019:** The Company reported record sales of 2.7 million square feet during FY19.

**2019:** The Company crossed the milestone of developing 20 million square feet of development

**2020:** The Company recorded the highest collections of ₹1,368 Crore, in its three-decade existence

**2020:** The Company received OC for Jai Vijay, a milestone in its Mumbai property re-development journey. Jai Vijay is the Company's flagship project in Mumbai and one of the largest redevelopment projects in the Vile Parle East micro-market.

## RECOGNITION

Kolte-Patil is a respected industry player, reflected in various awards received from a range of institutions in recognition of its achievements.

### FY20

- Times Realty Icons - Best Realtor 2019 KPDL
- ABP News - Brand Excellence in Real Estate
- CNN NEWS18 - Developer of the Year Residential
- Realty Plus - Developer of the Year Residential
- ET Now - Most Trusted Brand
- ET Now - CSR Initiative of the Year in Real Estate Sector
- ET Now - Luxury Project of the year - 24K Stargaze
- Realty Plus - Luxury Project of the year- 24K Stargaze
- CNN NEWS18 - Integrated township of the year – Life Republic
- ET Now - Innovative marketing campaign of the year –Life Republic Zabardus Campaign

## This is how we performed in FY20

The Company has adopted IND AS 115 during Q1 FY19, effective from 1 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

### Financial highlights

- Revenues strengthened 2.6 % YoY to ₹1226 Crore compared to ₹1195 Crore in FY19
- EBITDA declined by 15.1% YoY to ₹256.1 Crore compared to ₹301.6 Crore in FY19
- PAT (pre-minority interest) increased by 11.8% YoY to ₹148.6 Crore compared to ₹132.9 Crore in FY19
- PAT (post-minority interest) declined by 12.2 % YoY to ₹137.5 Crore compared to ₹122.5 Crore in FY19
- EBITDA margin remained stable around 20.9%
- Net debt declined by ₹83 Crore YoY to ₹434 Crore

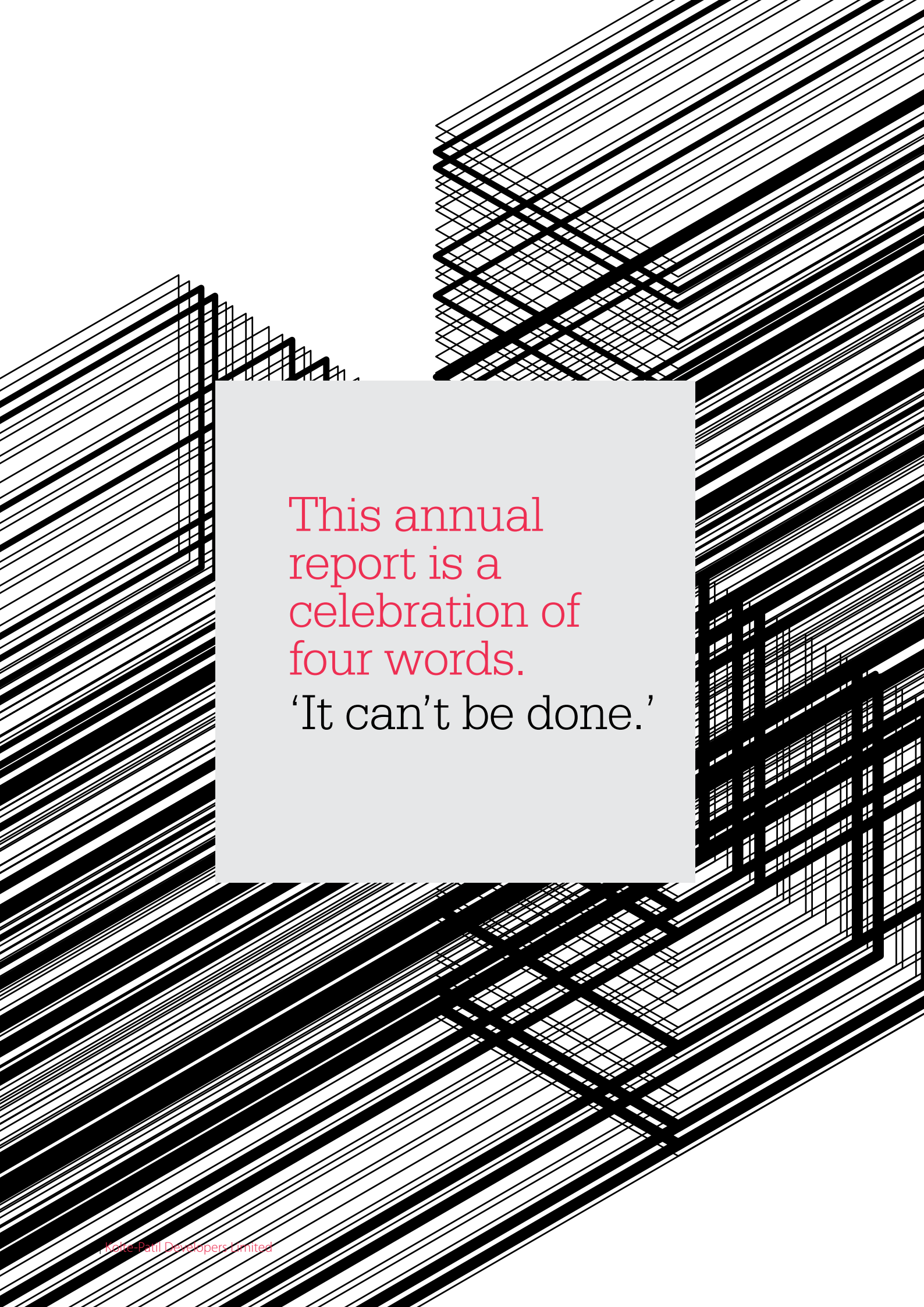
### Operational highlights

- Collections grew 10% to ₹1,368 Crore, the highest ever in the Company's three-decade history
- Overall sales volumes stood at 2.5 msf in FY20 driven by Ivy Estate, Western Avenue, 24 K Pune Portfolio and Bengaluru projects and Life Republic. Recorded second consecutive year of ~1 msf of sales at Life Republic
- Received IOD approvals for Goregaon and Dahisar redevelopment projects in Mumbai - to be launched in FY21.
- Received OC for Jai Vijay, a milestone in its Mumbai property re-development journey. Jai Vijay is the Company's flagship project in Mumbai and one of the largest redevelopment projects in the Vile Parle East micro-market.
- Completed the second tranche payment of ₹70 Crore for the buyout of ICICI Venture's 50%

stake in Life Republic (first tranche of ₹70 Crore was paid in March, 2019).

- Signed three new projects with a saleable potential ~1.2 million square feet in Pune under the Development Management Model
- Delivered superior returns (IRR of 23.1% over 45 months) to Motilal Oswal Real Estate from City Avenue project in Wakad, Pune
- Delivered 1.86 msf (OC for 1,601 units) in Jay Vijay, Mirabilis, Western Avenue and Life Republic
- Undertook strategic land monetisation of ~5.42 acres of Sector R10 of Life Republic for ₹91 Crore (residential development potential of 7.6 Lakh sq. ft. of saleable area) to be developed by Kolte-Patil I-Ven Townships (Pune) Ltd. (KPIT) and Planet Smart City around a profit sharing model (post-Balance Sheet development).





This annual  
report is a  
celebration of  
four words.  
'It can't be done.'



These words have  
inspired hundreds  
of us at Kolte-Patil.  
It is time to say  
'Thank you'.

# Thank you...

‘Thank you’ to all who pronounced ‘You must be crazy to even think of marketing a property without a mega advertising budget.’

‘Thank you’ to all who passed judgment with ‘You must be foolhardy to think of passing an entire year without a single property launch.’

‘Thank you’ to all who smirked ‘Who will buy an apartment during the lockdown?’

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‘Thank you’ to all who expressed concern with ‘Markets are tight. You will have a problem mobilising apartment installments.’

‘Thank you’ to all who laughed saying ‘The whole country is cash-strapped. How will you ever deliver an apartment on time?’

‘Thank you’ to all who said ‘Nobody will want to invest in a real estate company in this slowdown?’

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‘Thank you’ to all who scoffed by saying ‘Growing the business with less debt is a nice bit of fiction.’

‘Thank you’ to all who almost laughed when we selected to monetise our land holding during the lockdown.’

‘Thank you’ to those who shook their heads when they heard of our resolve to sell apartments without spending large sums in sales, marketing and commissions.’