

Investor & Analyst Meet – October 2013

Kolte-Patil Developers Limited



LEAPING
FORWARD



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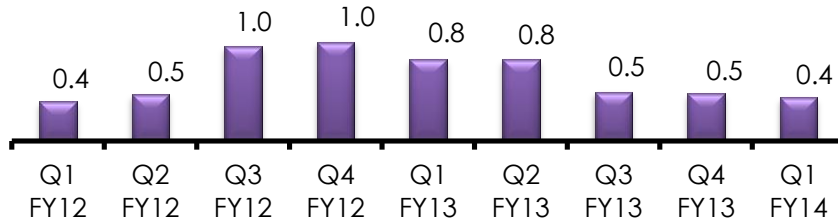
3 Sales Strategy

KPDL Overview and Operational Update

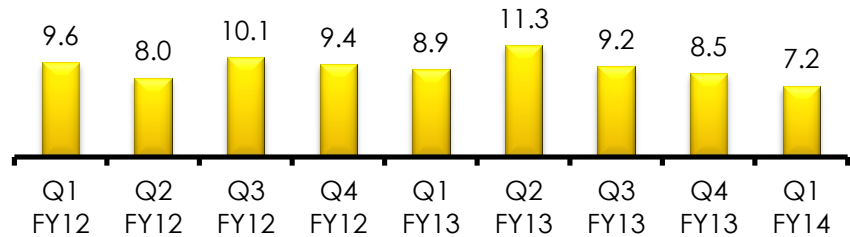
Leadership in the Pune market

- Consistently #1 in Pune with a market share of 7-11% over the last two years

KPDL Sales Volumes, msf.



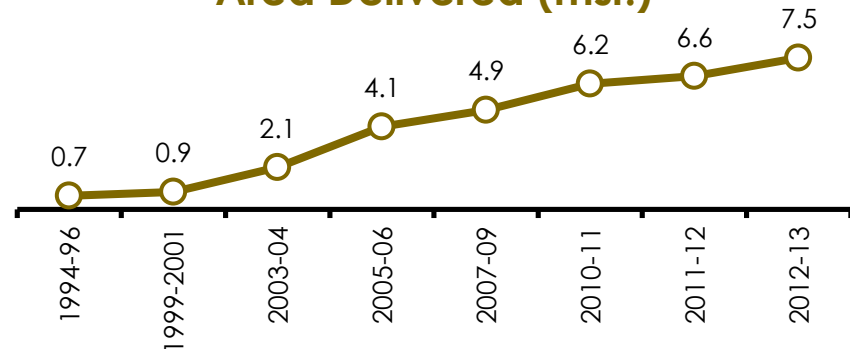
Pune Sales Volumes, msf.*



*Based on Liases Foras data

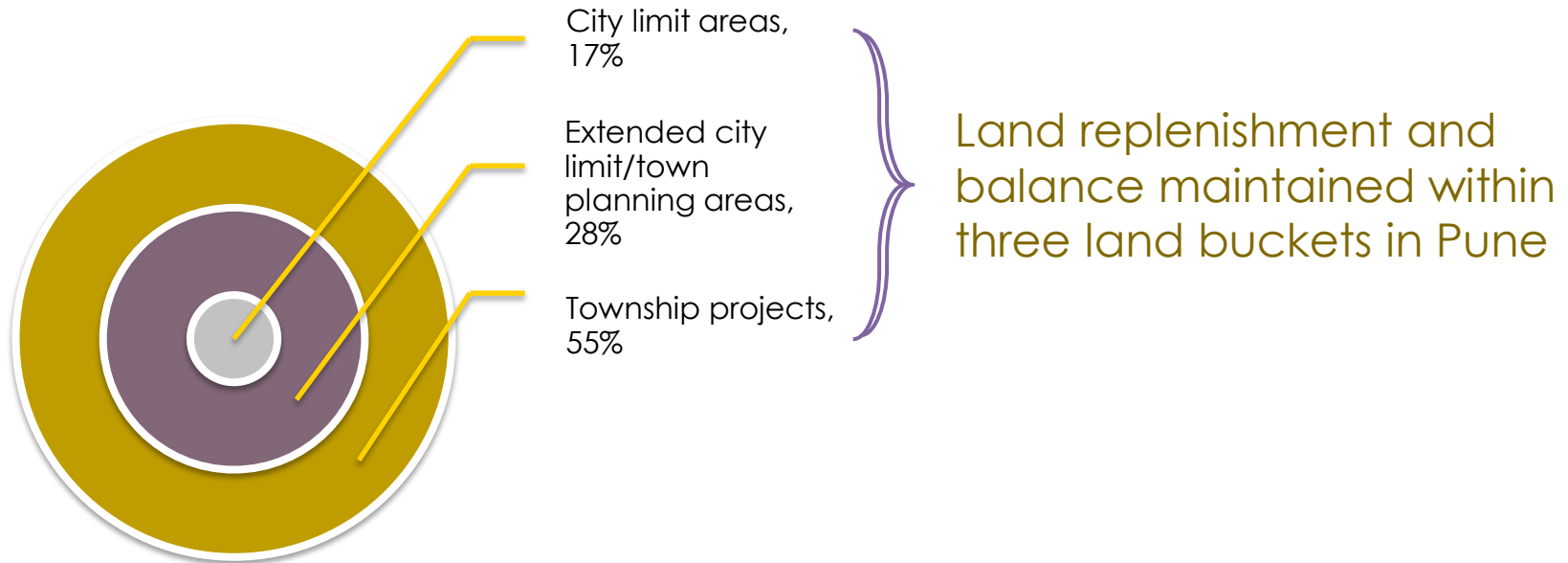
- Well-reputed, trusted brand name that has delivered over 7 msf. in Pune till date
- Expected delivery of 4 msf. over the next 12 months including 2.6 msf. at Life Republic

Area Delivered (msf.)



Judicious and Structured Land Acquisition

Execution focused approach - not a land banking model



- ✦ Flexible, project-specific capital structuring philosophy: In 2007, to lower acquisition and project execution risk, favored PE participation for Life Republic project
- ✦ Invest in land parcels devoid of title issues and where most approvals are already in place
- ✦ Outright purchases, JDA, JV's subject to predictability of sales velocity, visibility of approvals and cash flows
- ✦ Reduces project risk and accelerates translation of land parcels into saleable inventory

Cultivating Long-term Partnerships

Name of SPV	Name of Projects	Stake of PE Fund	Location	Area (acres)	Land Cost (Rs. crore)
Bellflower Properties Private Limited	Margosa	Portman Holdings – 49%	Mohamad Wadi, Pune	17.0	46.4
Tuscan Real Estate Pvt. Ltd.	Tuscan	Portman Holdings – 49%	Kharadi, Pune	12.8	67.6
Corolla Realty Ltd	Corolla	ICICI Ventures – 37%	Wagholi, Pune	73.4	94.6
Kolte-Patil I-Ven Township (Pune) Ltd	Life Republic	ICICI Ventures – 50%	Hinjewadi, Pune	383.0	340.0
Kolte-Patil Real Estate Ltd	Downtown	IL&FS – 49%	Kharadi, Pune	41.5	198.0

Equity led expansion - a core strategy historically

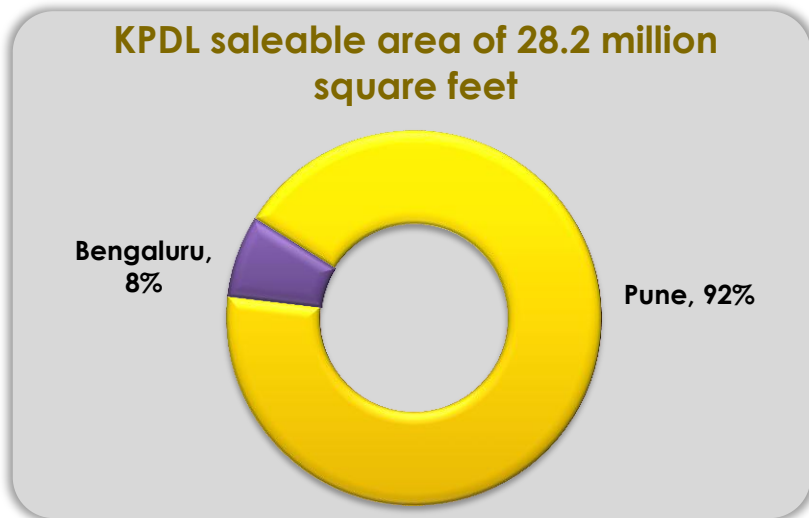
- PE investments till date are plain vanilla equity with no guaranteed IRR structure
- Helped de-risk large scale project execution
- Improved execution capabilities
- Strengthened corporate governance practices

Organizational framework evolved to take on larger projects independently

- Strong brand name, execution track record and robust balance sheet
- Strong internal processes and teams
- Selective PE participation based on specific project modalities

Healthy Project Pipeline

Projects under execution	Ongoing	Forthcoming	Future Potential	Total
Overall (msf.)	9.4	16.8	24.3	50.5
KPDL share (msf.)	5.4	10.4	12.4	28.2



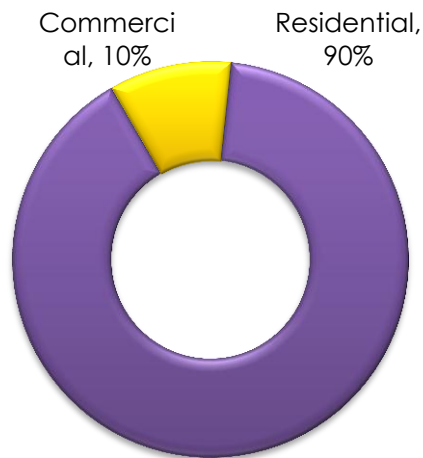
De-risked project portfolio

- Investments in Pune spread across sub-markets and ranging from affordable, MIG premium housing and townships

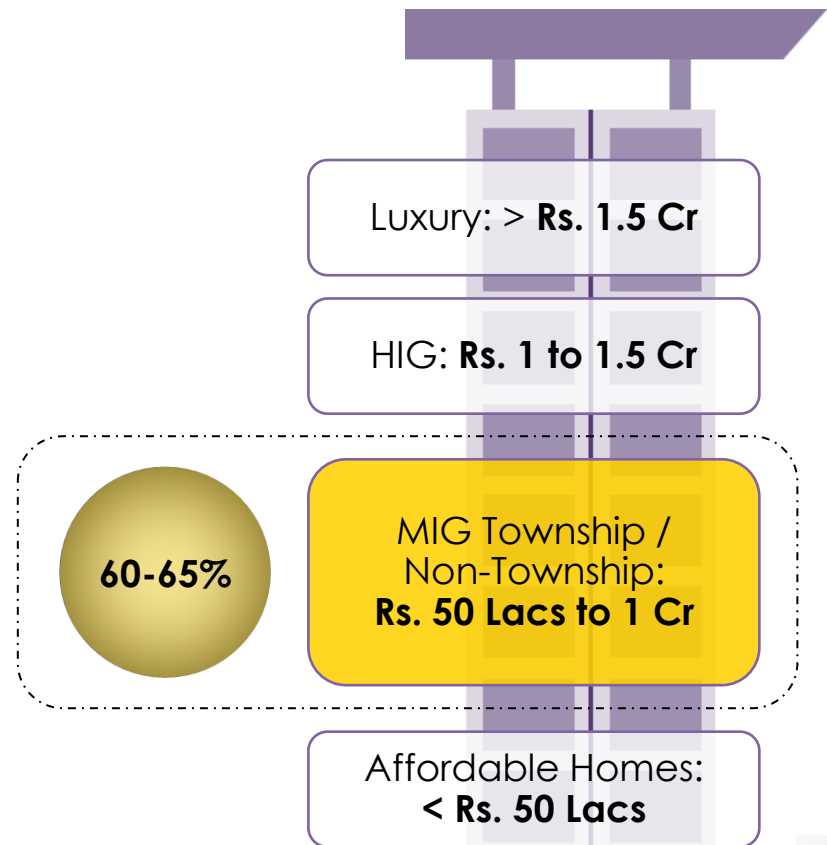
Supply Flexibility Based On Demand

Re - alignment of portfolio mix post Lehman crisis

Majority integrated with residential projects



Creating availability at every point of price spectrum



Presence across Growth Markets and Price Points



Expanding Presence in Bengaluru

Market dynamics...

- ✚ Size of market - ~40,000-50,000 units sold annually
- ✚ Diversified demand drivers - IT, engineering, manufacturing, education
- ✚ Organized market with multiple established players
- ✚ Mature JDA market moving towards outright purchases
- ✚ Average price realization - ~Rs. 4,000-4,500/sft.
- ✚ Capital city advantage
- ✚ Larger average ticket sizes

Kolte-Patil strategies

- ✚ Increased traction to expand Bengaluru share in KPDL portfolio
- ✚ Leveraging KPDL's embedded market presence
- ✚ Ongoing/planned projects to the tune of 2.1 msf. (100% owned) at prime locations like Hennur Road, Richmond Road, Kormanagala, Horamavu, Hosur Road
- ✚ Strategic objective is to gain market share/presence in Bengaluru thereby further de-leveraging the portfolio concentration

Foray into Mumbai

Strategic objectives...

- ✦ Synergies to existing Pune business
- ✦ Facilitates margin expansion
- ✦ Reduces working capital cycle
- ✦ Geographical diversification - establish strong brand in Mumbai

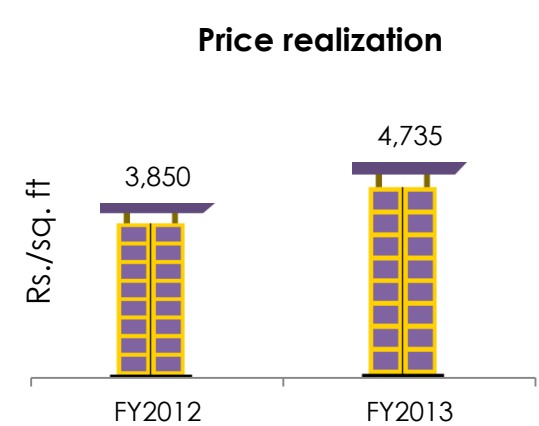
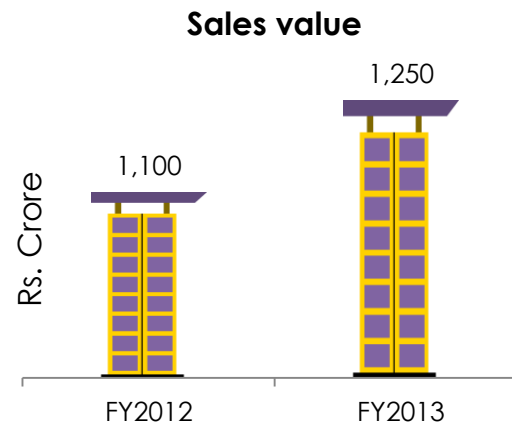
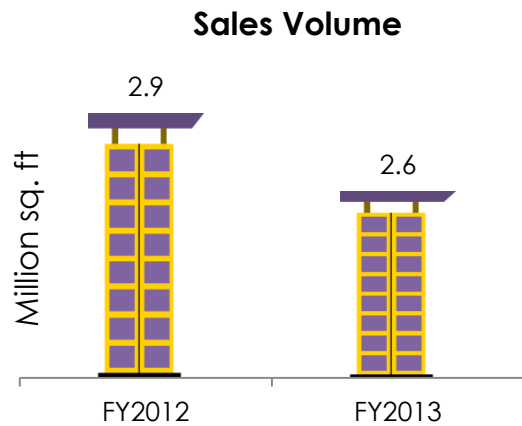
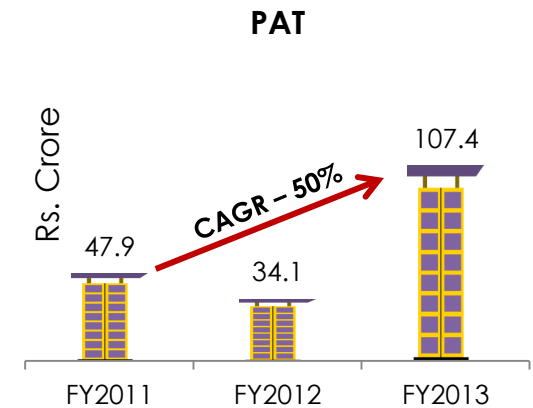
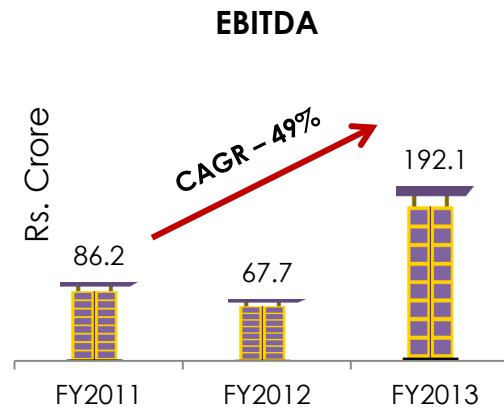
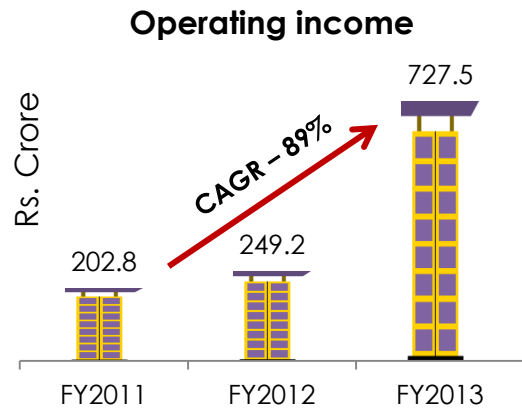
String of Pearls Approach

- ✦ Judicious expansion plans - smaller deals with approvals in place
- ✦ Location agnostic - P.R. > Rs. 10,000/sft.
- ✦ Evaluating outright purchases - limiting equity commitment and assessing PE partnerships
- ✦ Strong balance sheet to aid entry

Entry Plan

- ✦ Highest quality of construction and adhering to promised delivery time lines to remain key value proposition
- ✦ Focus on low risk society redevelopment projects - level playing field with recent DCR amendments
- ✦ No SRA projects
- ✦ Signed first project in a prime location on Khar-Linking Road
 - 100% consent of tenants achieved without partnering with any local agent / broker/ developer
 - Payment of the corpus fund and rental to the tenants is linked to approvals

Strong Financial & Operational Performance



Trends in New Sales Bookings and Collection Schedule

msf.

0.96

1.01

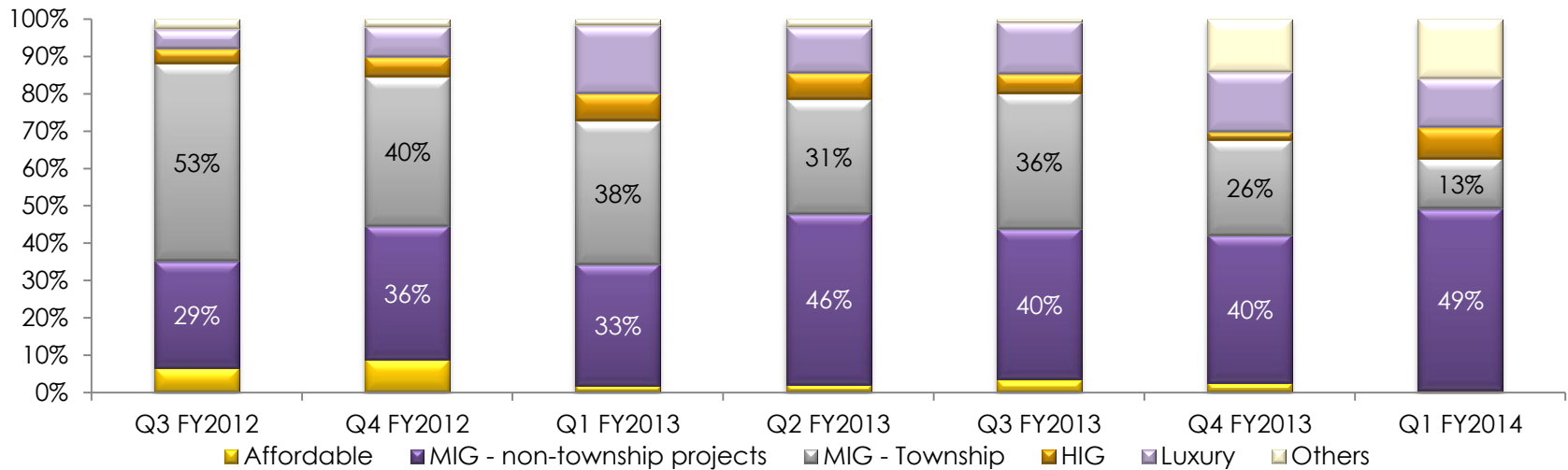
0.83

0.83

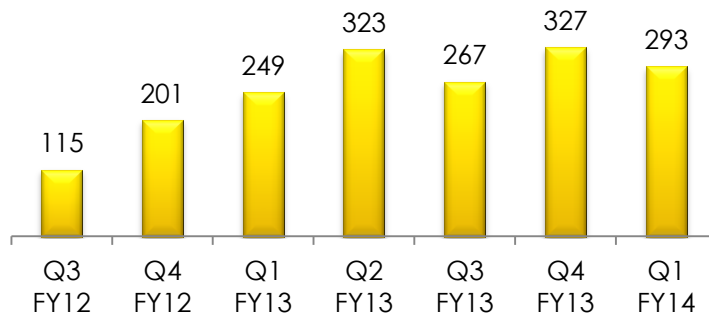
0.50

0.48

0.44



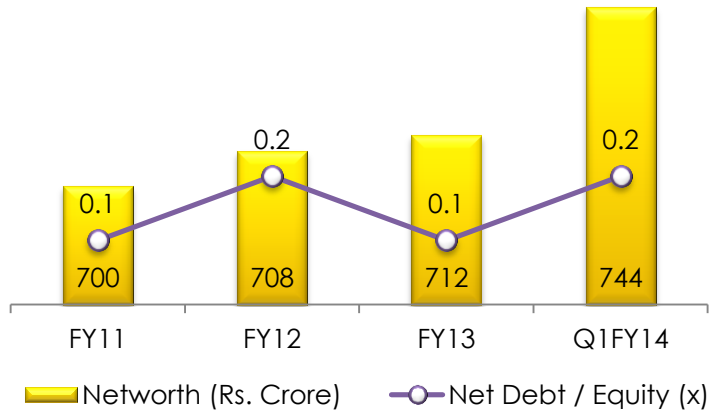
Collections, Rs. crore



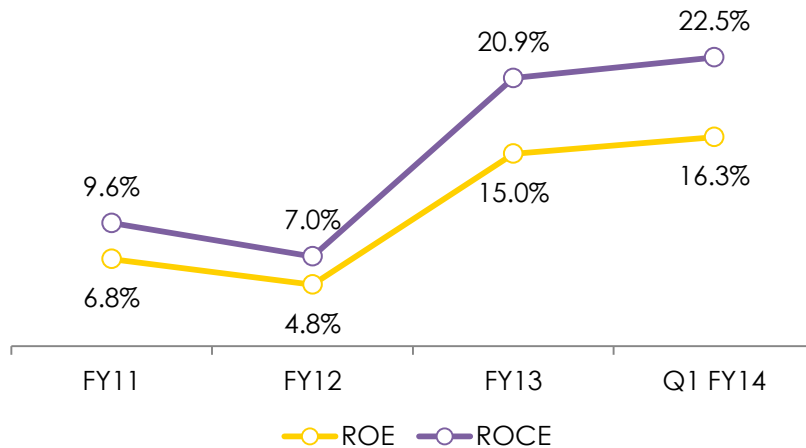
Focus on positive cash-flows at each stage

Project Stage	% Cost Incurred	% Collected
Plinth	8-10%	35-40%
RCC Structure	65-70%	90%

Robust Balance Sheet Delivering Capital Efficiencies



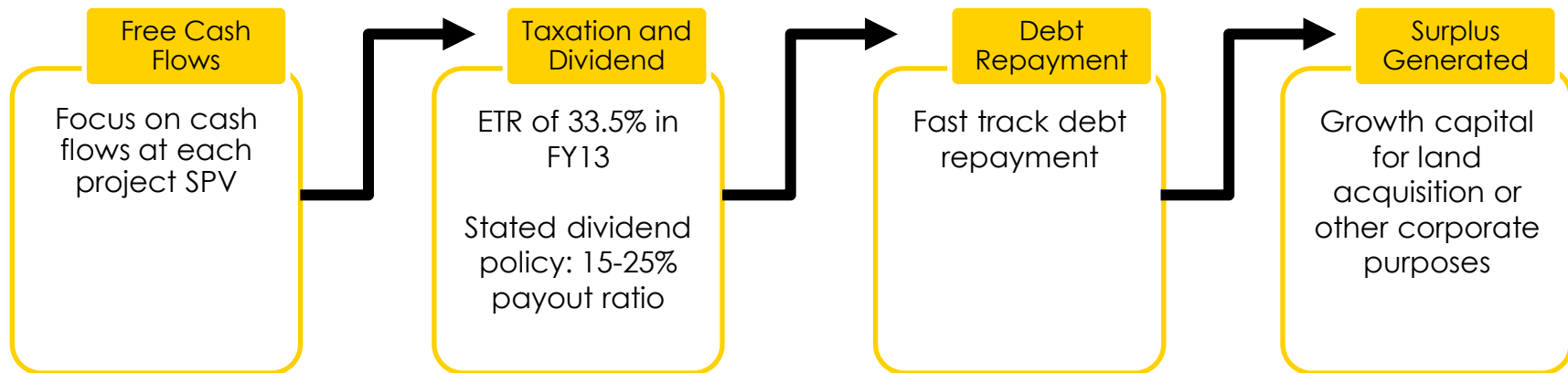
- Conservative to debt financing
- Fast track debt payments before maturity
- Net debt/equity to be maintained between 0.1-0.3x over project cycle



- Judicious structuring of every project delivering higher capital efficiencies
- Balancing growth aspirations with market uncertainties

Generating Strong Cash Flows

Cash Flow Snapshot (in Rs. cr)	FY13	FY12	FY11
Opening cash and cash equivalents	46.4	41.2	31.6
Net cash from/(used In) operating activities	158.1	15.4	177.1
Net cash from investing activities	-57.4	2.7	-47.6
Net cash from financing activities	-35.0	-13.0	-119.8
Closing cash and cash equivalents	112.2	46.4	41.2



Healthy cash generation expected to continue as land parcels move to launches / revenue recognition stage

Recent New Launches

Launched projects to the tune of ~1.8 msf. in September 2013

- ✚ 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.

Key Strategic Initiatives

Superior construction quality and delivery capabilities

- ✦ Early adopters of new construction technology, invested Rs. 68 crore in FY12
- ✦ Setting new benchmarks in terms of high construction quality
- ✦ Enabled faster execution of projects and increased delivery capabilities
- ✦ Efficient legal/liaisoning team enables faster project turnover on new land acquisition
- ✦ Streamlining internal processes and controls to sustain construction quality across projects and reducing cost inefficiencies

Best-in-class corporate governance practices

- ✦ Expanded scope of engagement with Deloitte and KPMG from SPV level to corporate entity level
- ✦ Board constitution with 50% Independent Directors
- ✦ Managerial remuneration closely linked with earnings
- ✦ Stated dividend policy of distributing 15-25% of annual profits
- ✦ Improving information disclosure practices

Increasing organizational competencies

- ✦ Improving process orientation – implementing ERP, defining SOP's
- ✦ Creating robust knowledge management mechanisms
- ✦ Expanding top/middle management layer to support next level of growth opportunity

Outlook

Maintain sales momentum

- + Continue strong sales momentum
- + Achieve internal capabilities of 4-5 msf. of new sales subject to approval sanctions

Consolidate dominant position in Pune market

- + Capitalize on inherent market demand and strong brand presence
- + Further expand market share

Maintain construction quality and adherence to delivery timelines

- + Focused on maintaining construction quality and adherence to strict delivery timelines
- + To deliver 4-5 msf. annually and generate healthy cash flows

Create differentiated value proposition in Bengaluru and Mumbai markets

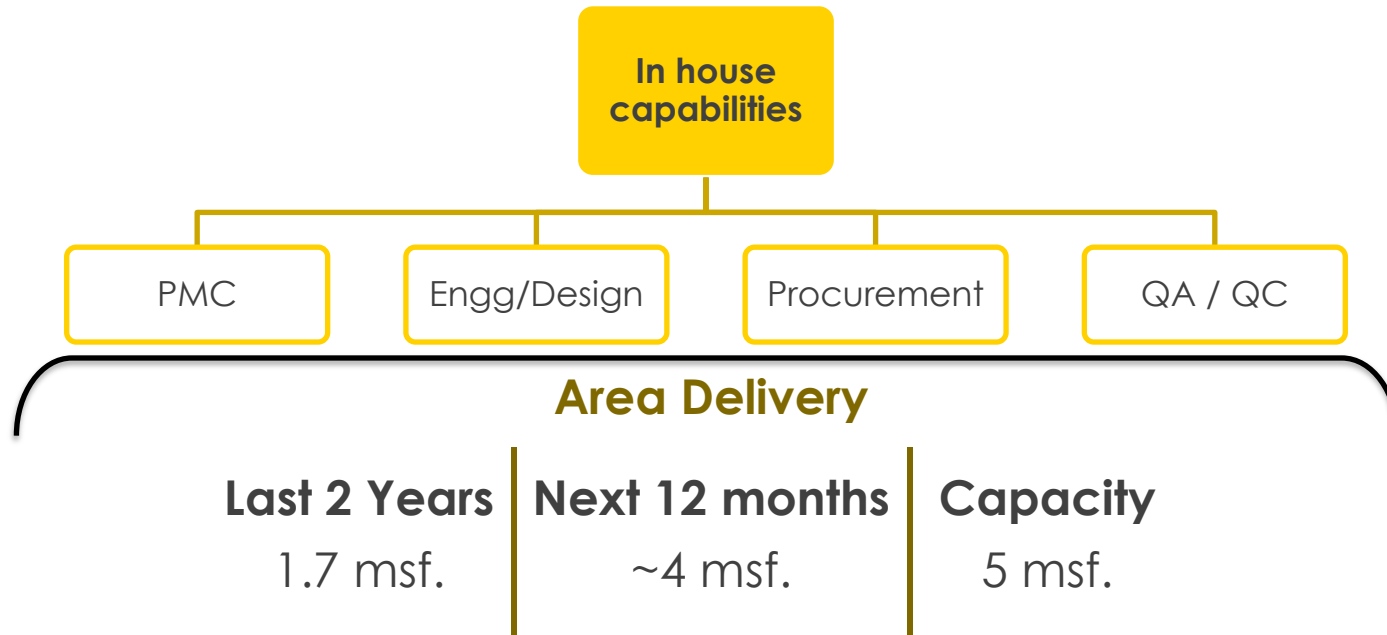
- + Leverage two decade presence in Bengaluru market and capture market share
- + Judicious expansion plans in Mumbai

Strengthen corporate governance practices

- + Focus on strengthening corporate governance practices

Construction Strategy

Strong Execution & Project Management Capabilities

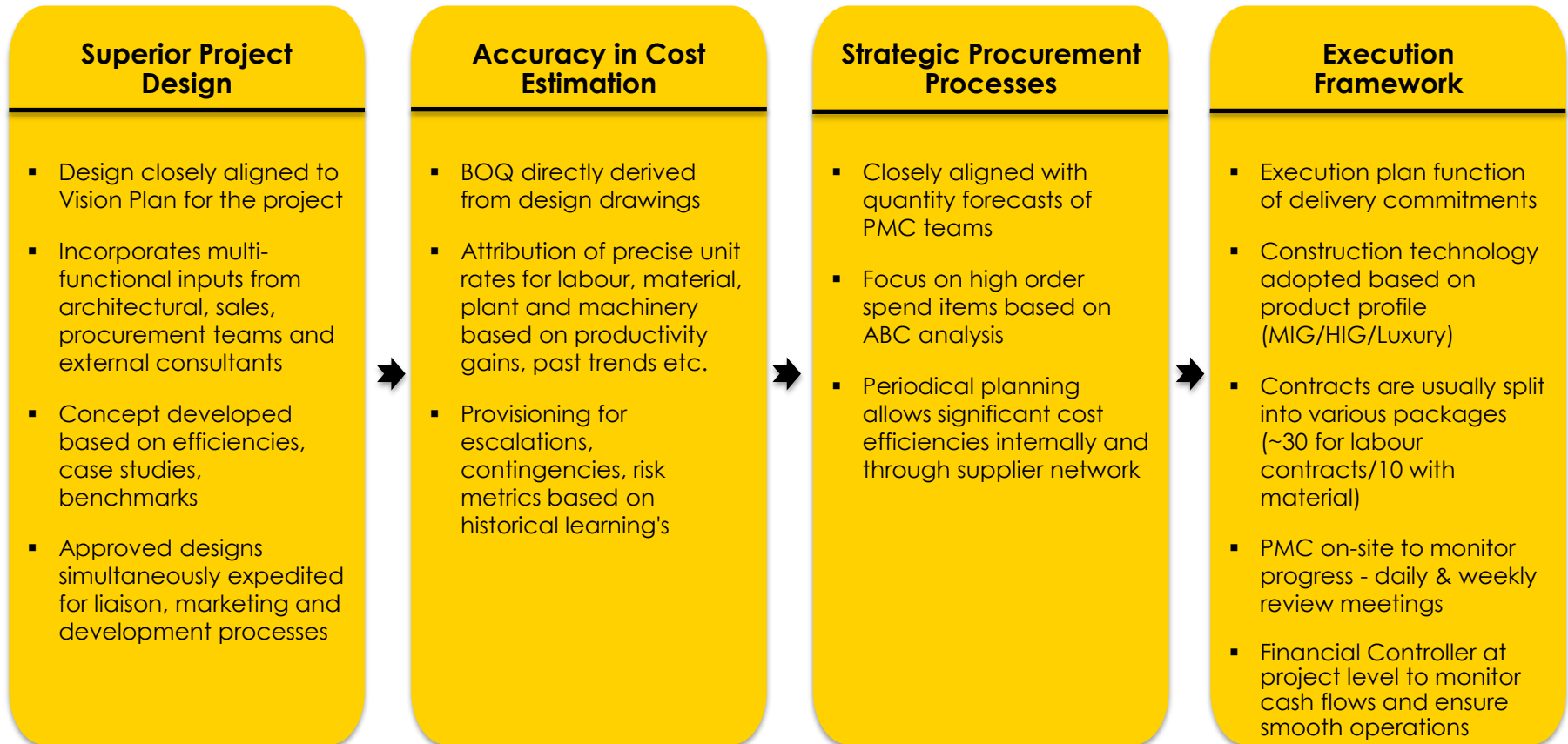


Other salient features

- + Construction outsourced - multiple partners depending on product type
- + Investment of Rs. 68 crore in Aluform technology resulted in reduced slab cycles and labor requirements from conventional methodology

Strong Execution & Project Management Capabilities

Project Management Overview



Strong Execution & Project Management Capabilities

Case Study: Life Republic Phase I - Delivering twelve 70m towers in under 25 months using PMI techniques

Project Objective: -

- ✦ Construction of Mega Township at Pune using PMI processes and techniques
- ✦ Developing a mega township near Pune over 384 acres, encompassing 147 acres in Phase I

Scope: -

- ✦ To implement globally followed Project Management processes for completing the Project on-time with desired quality & estimated costs

Result: -

- ✦ Traditional methods not adequate to ensure on-time delivery, quality, cost, safety & environmental aspects that need to be additionally considered
- ✦ Adopting PMI processes & standards, improved project execution, reduced schedule variances, streamlined processes & organization-wide SOP's were set

Strong Execution & Project Management Capabilities

Case Study: Life Republic Phase I - Delivering twelve 70m towers in under 25 months using PMI techniques

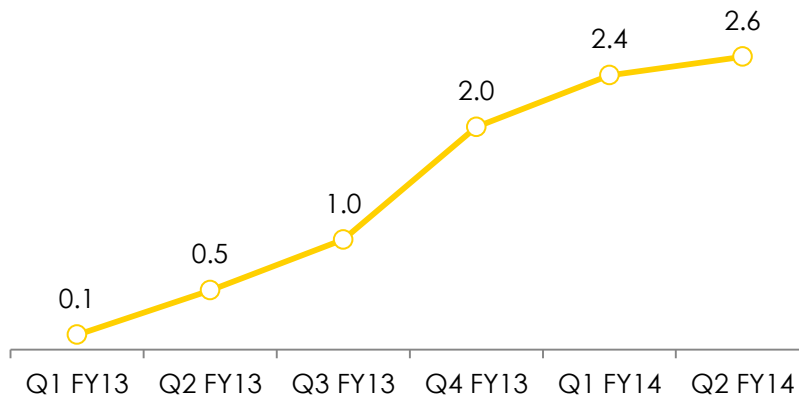
Business Value: -

- ✚ Project delivery targets on schedule
- ✚ Cost improvisations have improved profitability

Key Differentiator:-

- ✚ New standards brought in, improved clarity in communication
- ✚ Strengthened risk management processes resulting in timely delivery of projects
- ✚ Efficient cost control & management
- ✚ Sustained investments in skill enhancement of technical staff
- ✚ Better adherence to schedules & cost baselines - technology adoption reduced dependence on skilled labour

Cumulative area constructed



Construction Progress

June - 2012

**R4 Sector
A - building**



Foundation

**R6 Sector
A - building**



Plinth

**R7 Sector
A - building**



Slab for 3rd floor

Infrastructure Work



September - 2013

**R4 Sector
A - building**



Aluform completed
for 18th floor

**R6 Sector
A - building**



Finishing work in
progress

**R7 Sector
A - building**



Finishing work
in progress

Infrastructure Work



Strong Execution & Project Management Capabilities

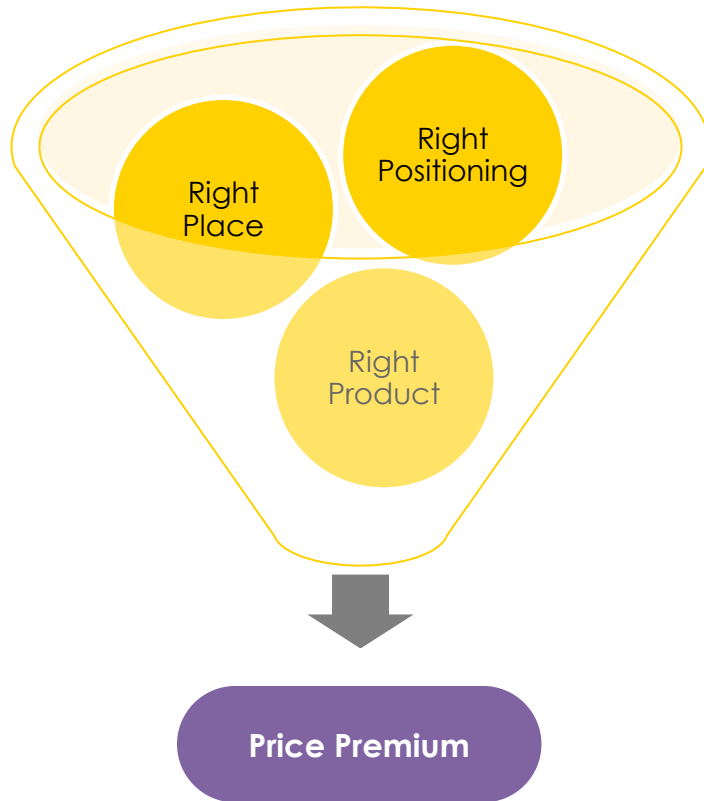
Future Delivery Plans

- ✦ Robust in-house capabilities for delivering 4-5 msf. annually
- ✦ Operational restructuring under way focused on growth opportunities and organizational efficiencies
- ✦ PMC outsourced for premium projects
- ✦ Supplier collaboration option being explored for cost optimization
- ✦ Packages being contracted with L+M methodology to avoid rampant expansion
- ✦ 4D & 5D design packages being explored to simplify design and derive accurate quantities

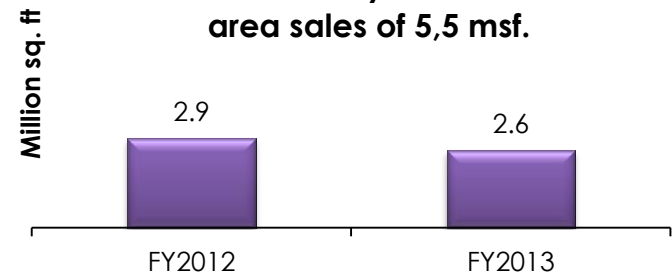
Sales Strategy

Key Tenets of Sales Strategy - The Four P's

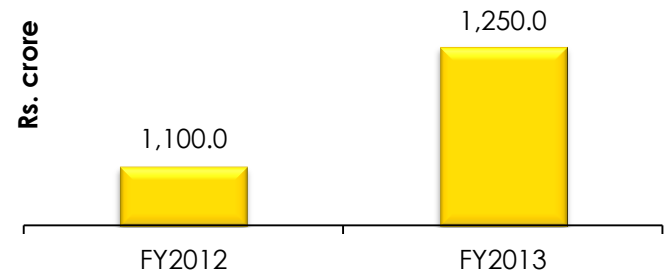
KPDL's ability to deliver the right Product, at the right Place, with the right Positioning, leads to premium Pricing



Strong sales momentum depicted over the last 2 years with new area sales of 5,5 msf.



Sales value



Sales Case Study 1: Glitterati 24K



Place: Pimple Nilakh

- Close proximity to Hinjewadi Infotech park and Aundh
- Mumbai –Pune Expressway: 3 kms.

Product:

- Exclusive river facing apartments
- Spacious apartments from 2,000-6,000 sft.

Positioning:

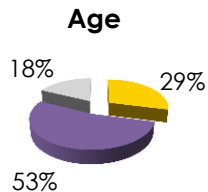
- Focused sales strategy targeting top management executives
- 3/4 BHK super luxury apartments and 5 BHK duplex penthouses

Pricing:

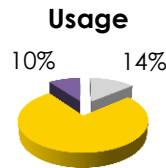
- Took contrarian view to market, selling first unit at Rs. 3,850/sft. compared to average market rate of Rs. 3,000/sft.
- Revalued market rate and currently selling at Rs. 6,200/sft., at a premium to the prevailing market price

Launch Date	Dec 2009
Completion Date	Aug 2013
Saleable Area	0.5 msf.
No. of units	181
Area Sold	0.4 msf.
Launch Price	Rs. 4,000/sft.
Current Price	Rs. 6,181/sft.

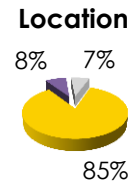
Customer Profiles



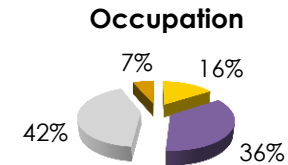
■ 30-45 ■ 46-60 ■ 61 and above



■ Self Use ■ Rent / 2nd Home ■ Investment



■ Maharashtra ■ Rest of India ■ NRI



■ IT ■ Business ■ Other Services ■ Retired

Sales Case Study 2: Corolla - Phase I



Location: Wagholi

- ✦ 73 acres of lush green surroundings easily connecting airport, Ahmednagar and Solapur highways
- ✦ Proximity to Ranjangaon, Sanaswadi, MIDC and Kharadi IT parks
- ✦ Few minutes drive from Viman Nagar, Kalyani Nagar and Koregaon Park

Product:

- ✦ Initial 0.25 msf. of 1 BHK value-for-money homes
- ✦ Launched 500 bungalows and villas in next phase followed by larger apartments

Positioning:

- ✦ Initially positioned as affordable housing to drive volume and urbanization in Wagholi – perceived then as a far off location
- ✦ Repositioned next 1.7 msf. of the project to attract senior executives at nearby employment zones
- ✦ Mini-township with numerous amenities

Pricing:

- ✦ Launched first unit at a price of Rs. 2,000/sft.
- ✦ Current selling price of Rs. 3,670/sft. at a substantial premium to peers

Launch Date	Sep 2010
Completion Date	Part hand overs
Saleable Area	1.9 msf.
No. of units	1,600
Area Sold	1.8 msf.
Launch Price	Rs. 2,000/sft.
Current Price	Rs. 3,670/sft

De-centralized Sales Team with Focused Targets

Experienced Sales Teams

- ✦ Dedicated project heads with average sales experience of 11 years to supervise each project
- ✦ Trained sales force with average experience of 6 years

Focused Selling Efforts

- ✦ Focus on selling to actual end-users and long term real estate investors

Research Driven

- ✦ Evaluation of perceptions/positioning/recall in various markets
- ✦ Quarterly review of customer non-conversion to better understand decision-making criteria

Create Project-specific Demand

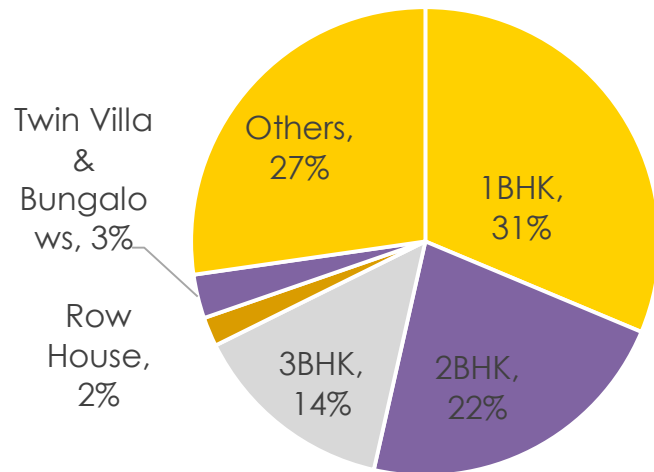
- ✦ Lead generation through innovative marketing campaigns, media and direct selling

Specific Customer Targeting

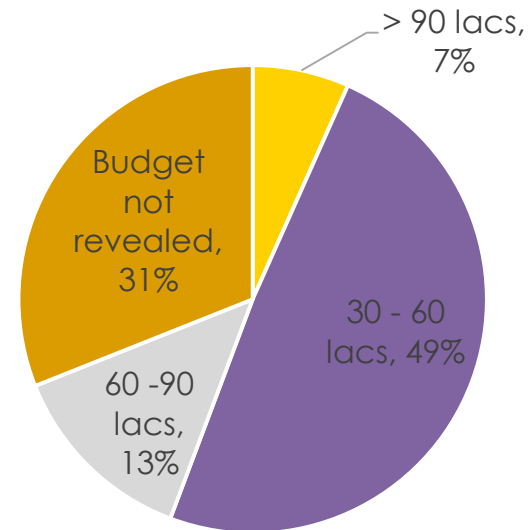
- ✦ Specific strategies for customers across income levels and NRIs at multiple global locations
- ✦ Branch offices in Singapore and Hong Kong

Decoding Customer Enquiries

Product-wise enquiries



Budget-wise enquiries



Robust enquiries generated to the tune of 9,858 in FY13 (excludes walk-ins)

- Over 60% of the enquiries were web-based while the rest through telephone
- ~20% of enquiries were from outside Maharashtra, including NRI's

Marketing Case Study: Downtown

- ✦ Taking inspiration from the different downtowns of the world present the concept of downtown
- ✦ Establishing the project as the part of central business district and selling the location with the project
- ✦ Innovative teaser hoardings to create buzz
- ✦ Print media – leveraging the concept to create demand
- ✦ Creative radio spots which targets the need based requirement of the customers
- ✦ Online experiential interface developed through project microsites and social media



Process Improvement Initiatives

Advanced CRM

- ✦ To track and record project sales numbers
- ✦ Ensures that each and every call gets answered and also stored in our client database

Evaluating Outsourcing Pre-Sales

- ✦ To enable better efficiencies and customer experiences

Sales App

- ✦ To capture the details of leads and create cross selling opportunities
- ✦ Keep customers updated with future projects

CSAT Surveys

- ✦ To gather customer feedback

Short code SMS/QR Codes

- ✦ Helps create brand visibility and recall
- ✦ Gathering important client information

Construction Updates

- ✦ Regular site photos/quarterly reports uploaded on respective microsites for customers

Active PR and CSR support

- ✦ To deliver on holistic objectives



Annexure



Details of Ongoing Projects as on 30th June, 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	2.54	9,950	6,737
Corolla - Phase I	1.9	Wagholi, Pune	0.7	1.8	5,344	4,743
Tuscan - Phase I	0.4	Kharadi, Pune	0.2	0.3	1,562	1,370
Allura - I	0.3	Undri - NIBM, Pune	0.2	0.2	954	815
Margosa Heights I & II	0.7	Mohamad Wadi, Pune	0.2	0.6	2,122	1,969
Downtown - Phase I	0.7	Kharadi, Pune	0.4	0.4	1,699	979
Glitterati 24K	0.5	Aundh Annexe, Pune	0.3	0.4	2,005	1,680
Green Olive Venture	0.1	Hinjewadi, Pune	0.5	0.1	431	406
Green Olive Commercial	0.1	Hinjewadi, Pune	0.1	-	-	-
Ragga	0.7	Hennur Road, Bengaluru	0.1	0.2	595	129
Cilantro	0.1	Wagholi, Pune	0.03	0.04	116	85
City Bay	0.1	Boat Club Road, Pune	0.1	0.04	317	160
City Centre	0.1	Hinjewadi, Pune	0.1	0.04	228	117
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
Tuscan - Phase II	0.4	Kharadi, Pune	0.7	0.02	94	18
Alyssa	0.04	Richmond Road, Bengaluru	0.04	-	-	-
Total	9.4		5.4	6.8	26,122	19,355

Details of Forthcoming Projects

Projects	Saleable Area (msf.)	Location	KPDL Share (%)	Land cost* (Rs. mn.)
Life Republic - Phase II	6.9	Hinjewadi, Pune	45%	3,400
Corolla - Phase II	2.5	Wagholi, Pune	37%	946
Allura II	0.3	Undri , NIBM, Pune	75%	20
Downtown - Phase II	1.1	Kharadi, Pune	51%	1,980
Jazz	0.9	Aundh, Pune	100%	375
Atria	0.2			
Glitterati II	0.3			
Green Olive- Phase II	0.1	Hinjewadi, Pune	60%	25
Wakad	2.0	Pune	100%	3,100 [^]
Bavdhan	1.1	Pune	62%	90
The Classique	0.2	Kormanagala, Bengaluru	100%	130
Mirabilis	0.6	Horamavu, Bengaluru	100%	70
Hosur Road	0.6	Bengaluru	100%	600
Total (msf.)	16.8		10.4	7,636

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

[^]Please note that the land cost for all projects has already been incurred. Only Rs. 550 million for the Wakad project remains to be paid upon receipt of final approvals.

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	• Not under approval stage for next one year
Kalyani Nagar	Owned	0.6	100%	0.6	• Not under approval stage for next one year
Boat Club Road, Pune	Saledeed	0.3	100%	0.3	• 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)	12	Saledeed	100%	12
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		97			97

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 6.7 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.

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