



Creation, not Construction

Annual Report 2008-2009

A New Tomorrow



Creating magnificent masterpieces for superior experiences

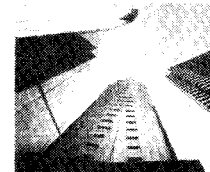
- Residential
- Townships
- IT Parks
- Office Spaces
- Retail Spaces
- Hospitality
- BTS
- SEZ



About Kolte-Patil

Since inception 18 years ago, we at Kolte-Patil Developers Ltd. have left no stone unturned in continuously turning dreams to reality. Our corporate philosophy of Creation, not Construction has led us to rise beyond the normal and innovate and create magnificent masterpieces. Our determination to deliver superior experiences at affordable prices across various sectors like residential, commercial, IT parks, hospitality, SEZs and townships have made us the developers of choice for many.





Annual Report 2008-09

KOLTE-PATIL DEVELOPERS LIMITED

Board of Directors

Mr. Rajesh Patil - Chairman & Managing Director
Mr. Naresh Patil - Joint Managing Director
Mr. Milind Kolte - Executive Director
Mrs. Sunita Kolte - Executive Director
Mr. Satish Tandon - Independent Director
Mr. Achyut Watve - Independent Director
Mr. G.L. Vishwanath - Independent Director
Mr. Manish Doshi - Independent Director

Auditors

M/S. S P C M & Associates,
(formerly known as Bora Kasat & Co.)
Chartered Accountants,
1211B, Shukrawar Peth,
Subhashnagar, Lane 4
Pune - 411 002

Bankers

IDBI Bank Limited
H.D.F.C. Bank Limited
Vijaya Bank
ICICI Bank Limited

Company Secretary

Mr. Vinod Patil

Registered Office

2nd Floor, City Point,
Dhole Patil Road,
Pune – 411 001 (Maharashtra)
Tele. No. +091 20 66226500
Fax No. +091 20 66226511
Website : www.koltepatil.com

Regional Office

120, 1st Floor, Lavelle Road,
Bangalore - 560 001.(Karnataka)
Phone No. +91 80 2242803/22243135

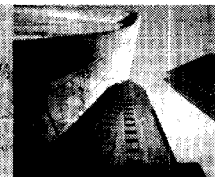
Registrar and Share Transfer Agent

BIGSHARE SERVICES PRIVATE LIMITED
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel: +91-22-40430200
Fax: +91-22-28475207
Website: www.bigshareonline.com
E-Mail: info@bigshareonline.com

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NOTICE

Notice is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING of KOLTE-PATIL DEVELOPERS LIMITED** will be held at Maharatta Chamber of Commerce Industries & Agriculture, Sumant Moolgaonkar Auditorium, Ground Floor, A Wing, MCCIA Trade Tower, Senapati Bapat Road, Pune - 411 016, (Maharashtra), India, on Friday, 31st July 2009 at 12.30 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manish Doshi, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Achyut Watve, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any of the Companies Act, 1956 and subject to the necessary approvals, consent, permission, sanctions etc. as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall include any Committee thereof) to vary, alter, modify or delete any of the details as the Board may deem fit in the best interest of the Company, of the objects in the Initial Public Offering through 100% book building process contained in the prospectus dated 4th December, 2007 including change in deployment of funds, taking in to consideration the business prospects and funding requirements of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

By Order of the Board of Directors

For **KOLTE-PATIL DEVELOPERS LIMITED**

Registered Office:

2nd Floor, City Point,

Dhole Patil Road,

Pune - 411 001

30th June 2009

Vinod Patil

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5:

The Company came out with an Initial Public Offering of the 19,000,836 Equity Shares of Rs. 10 each at a premium of Rs. 135 per share aggregating Rs. 2755.12 millions. In the Prospectus dated 4th December, 2007, the company had specified utilization of the issue proceeds which were for acquisition of development rights Rs. 1763.65 millions; development and construction costs for existing projects and for forthcoming projects Rs. 1486.29 millions and issue expenses Rs. 256.79 millions.

The Company has been in the process of execution of its projects and the progress is satisfactory. In order to ensure optimum utilization of funds in the best interest of the Company, it is proposed to vary, alter, modify etc. of the deployment of funds raised in the Initial Public Offering of the Company in November 2007.

Approval of the members is sought for the aforesaid purpose pursuant to the provisions of Section 61 of the Companies Act, 1956.

None of the Directors are concerned or interested in the said resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors recommends the passing of the Special Resolution by members.

CLAUSE 49 OF THE LISTING AGREEMENT

Brief profile of Director seeking reappointment at the forthcoming Annual General Meeting (Item No. 2 and 3 of the Notice)

Mr. Manish Doshi, 47 years, Managing Director of Amoli Organics Private Limited. He is a graduate in pharmacy and Master in Finance from Jamnanalal Bajaj Institute of Management, Mumbai. He is managing his family business Amoli Group of companies manufacture bulk drugs, medicines and formulations, which is valued at Rs. 1500 million. He was appointed as the Hon. Vice-President of IDMA in 2007. He is currently the Hon. General Secretary of Indian Drugs Manufacturers Association (IDMA).

Mr. Achyut Watve, 56 years, is a Civil Engineer graduate from University of Pune. Mr. Watve is a partner of M/S Y. S. Sane Associates, a well known Structural Consultancy firm with their offices in Pune and Mumbai. He is associated with this firm for more than 22 years as partner, out of his total experience of more than 27 years in field of Structural Engineering. Under his leadership his firm has provided structural consultancy for a wide range of prominent Builders, Developers and Architects in Pune, Mumbai and all over India. Many recent High-Rise Buildings, Commercial and Residential Projects, Hotels and Retail Projects in Pune, Mumbai and all over India have been constructed using structural designs created by his firm.

By Order of the Board of Directors

For **KOLTE-PATIL DEVELOPERS LIMITED**

Registered Office:

2nd Floor, City Point,

Dhole Patil Road,

Pune – 411 001

30th June, 2009

Vinod Patil

Company Secretary

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxies to be effective should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting. Blank proxy form is attached.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above and detailed required is annexed hereto and forming a part of the Notice.
3. The Register of Members and Shares transfer books of the Company will remain closed from Thursday 23rd July 2009 to Friday 31st July 2009 (both days inclusive).
4. The Dividend would be made payable on or after 1st August 2009 to the shareholders whose name stand on the Register of Members on 23rd July 2009.
5. Members/Proxies attending the Meeting are requested to bring their copy of the Annual Report for reference at the Meeting as also the Attendance Slip duly filled in for attending the Meeting, with identity proof.
6. Corporate members intending to send their authorized representative to attend meeting are requested to send a certified true copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
7. Members holding shares in physical form are requested to intimate the following directly to the Company's RTA :
 - (a) Change if any, in their address with pin code numbers.
 - (b) Quote their ledger Folio No. in all their correspondence.
 - (c) Send their Share Certificates for consolidation.
 - (d) Request for nomination forms for making nominations as per Section 109A of the Companies Act, 1956, if not already intimated.

REQUEST TO MEMBERS

Members desirous of getting any information/ clarification on the Accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days in advance of the meeting to the Company Secretary so as the same may be attended appropriately.

Members are requested to bring their copies of Annual Report, as the same shall not be distributed at the meeting.

DIRECTORS' REPORT

To

The Members

Your Directors take pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company, together with the audited results for the year ended 31st March 2009.

Financial Highlights

	(Rs. in Lakhs)	
Particulars	2008-09	2007-08
Net Sales and Other Income	19,964.14	38,134.81
Less : Expenditure	8,702.10	20,874.61
Less : Financial Charges	709.48	646.32
Less : Depreciation/ Amortization	104.01	70.97
Profit Before Tax	10,448.55	16,542.85
Less : Provision for taxation	3,380.54	3,676.75
Profit After Tax	7,068.01	12,866.10
Add : Prior Period adjustments	1,524.56	20.00
Less : Taxation in Firm	(128.93)	(92.01)
Add : Balance of Profit and Loss Account brought forward from the previous year	17,248.87	7,284.37
Profit available for appropriation	25,712.51	20,078.46
Appropriations:		
Transfer to General Reserve	176.70	1,286.61
Proposed Dividend (includes tax on dividend)	881.80	1,542.98
Balance carried to Balance Sheet	24,654.01	17,248.87

Performance Review

The second half of FY 2008-09 was challenging for real estate sector globally and particularly for Indian Real Estate developers. The demand for real estate products suffered substantially after September 2008 and the prices and margins were under pressure, which affected the performance of most of the real estate developers, which includes your Company. During the financial year under review, the total sales and other income decreased from Rs.38,135 Lakhs, to Rs.19,964 Lakhs; a decrease of 48% over the previous year. Profit after Tax (PAT) declined from Rs.12,866 Lakhs to Rs.7,068 Lakhs, a decrease of 45% over the previous year.

Due to unprecedented global recession and substantial slowdown in the Indian economy, the real estate sector suffered heavily. The real estate sector is facing severe crunch in sale and demand for various real estate products. During the year under review, some of our ongoing projects were rescheduled, restructured and re-priced to cater to the changing demands of the market. Some of the projects launched by the Company were deferred after considering current status of demand and supply in the market. Your Company took timely decisions to cut costs and downsize the manpower requirement to minimum possible for its ongoing projects. Your Company continued its conservative policy of maintaining low debt/equity ratio, which currently stands 0.13:1.

Dividend

Your Directors are pleased to recommend final dividend of Re.1 per equity share, on 75371110 equity shares of the Company.

New Projects

Your Company plans to launch three projects in FY 2009-10. Out of three projects being launched, two projects are residential and one is a commercial project. Margosa Heights is a residential project in Pune admeasuring 8.00 Lakh square feet, targeted towards middle class housing. Golden Towers is a super luxurious project in Pune which will be launched in the third quarter of FY 2009-10, having saleable area of 4.50 Lakhs square feet for the first phase. A commercial project is planned in the third quarter of FY 2009-10 on a land of 8.50 acres in Pune.

New Initiative

In recent times, after unprecedented slow down in the economy and real estate, affordable housing projects are planned and launched by the developers in almost all Tier I and Tier II cities in India. Affordable housing projects are construction of right sized homes at 'value for money' price for middle and lower middle class population of India. Your Company is planning entry into the affordable housing segment by launching its first such project in joint venture at Pune. Affordable

housing projects are required for sustainable long term growth of your Company. Demand for affordable homes will drive growth of your Company in future.

Joint Venture Projects

Corolla Realty Pvt. Ltd.

During the year under review, Corolla Realty Pvt. Ltd; a joint venture between your Company; India Advantage Fund of ICICI Venture Funds Management Co. Ltd; and Mr. Ishwar Chand Goyal, launched its Lush County Project in July 2008. The project is a mix of real estate products such as luxury apartments, affordable housing, bungalows, row houses and commercial shopping. The project received good response to its affordable housing component namely 'Umang Homes' since April 2009.

Kolte-Patil Iven Townships (Pune) Pvt. Ltd.

The Company plans to launch the first phase of its township in the third quarter of FY 2009-10.

Kolte-Patil Real Estate Pvt. Ltd.

The Company plans to launch first phase of this mixed use joint venture project in the second quarter of FY 2009-10.

Directors

During the year under review, there is no change in the composition of the Board of Directors of the Company.

Pursuant to section 256 of the Companies Act, 1956 read with the clause 167 of Articles of Association of the Company, Mr. Manish Doshi and Mr. Achyut Watve, Directors retiring by rotation and being eligible and have offered themselves for re-appointment at the ensuing Annual General Meeting. The brief profile of the directors seeking re-appointment has been mentioned in the explanatory statement to the Notice of the Annual General Meeting.

Subsidiary Companies

The Company has 10 subsidiaries as on 31st March 2009 namely, Regenesis Project Management Company Pvt. Ltd., Yashowardhan Promoters & Developers Pvt. Ltd.,

Sylvan Acres Realty Pvt. Ltd., Iven Kolte-Patil Projects (Pune) Pvt. Ltd., Lilac Hospitality Private Limited, Olive Realty Private Limited, Bellflower Properties Private Limited, Jasmine Hospitality Private Limited, Oakwoods Hospitality Private Limited and Regenesis Facility Management Company Private Limited. The financial details of the subsidiary companies as well as the extent of holdings therein are provided in Annexure III to the Directors' Report and brief summary of the activity of the subsidiaries is as given below:

Regenesis Project Management Company Pvt. Ltd has been set up primarily to provide project management services.

Yashowardhan Promoters & Developers Pvt. Ltd is a joint venture company which has undertaken residential and commercial project at Vishrantwadi, Pune, which has completed during the year under review.

Sylvan Acres Realty Pvt. Ltd is a joint venture company set up for investment in township project at Pune.

Iven Kolte-Patil Projects (Pune) Pvt. Ltd. is a joint venture company set up for undertaking commercial project at Kharadi.

Lilac Hospitality Pvt. Ltd. is a wholly owned subsidiary set up for providing hospitality management services to hotel projects.

Olive Realty Pvt. Ltd; is a wholly owned subsidiary set up, to carry on the business of real estate development at Furshungi, Pune.

Bellflower Properties Pvt. Ltd; is a wholly owned subsidiary set up, to carry on real estate development at Mohammad Wadi, Pune.

Jasmine Hospitality Pvt. Ltd; is a joint venture company set up for developing a hotel at Bangalore.

Oakwoods Hospitality Pvt. Ltd; is a joint venture set up for developing a hotel at Pune.

Regenesis Facility Management Company Pvt. Ltd; is a company set up to provide facility management and maintenance services.

Particulars under Section 212 of the Companies Act, 1956

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of its subsidiaries. However, the Company has received approval from Ministry of Corporate Affairs, Delhi, vide letter No. 47/284/2009-CL-III dated 22nd April 2009, giving exemption from attaching the Directors' Report, Balance Sheet and Profit and Loss Account of its subsidiaries. Therefore, the Annual Report does not contain the financial statements of the above subsidiaries. The consolidated accounts present a full and fair picture of the state of affairs and the financial condition. This practice is globally accepted. The audited annual accounts and related information of subsidiaries will be made available upon request. These documents will also be available for inspection during business hours at our registered office in Pune, India.

Fixed Deposits

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

Employees Stock Option Scheme 2006 (ESOS)

During the year under review your Company implemented the Kolte-Patil Employee Stock Option Scheme, 2006.

Disclosures in respect of the Kolte-Patil Employee Stock Option Scheme, 2006 in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set out in Annexure IV to this report.

Investors' Relations and Grievances

Investors' Relations have been cordial during the year. The Company has formed Shareholders' Investors' Grievance Committee to address the issues relating to investors. There were no investor grievances pending as on 31st March, 2009. A confirmation to this effect

has been obtained from the Company's Registrar & Transfer Agent. A detailed report on the above appears in Corporate Governance Report annexed to this report.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- i) In the preparation of accounts, the applicable accounting standards have been followed and no significant departures have been made from the same.
- ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of 31st March, 2009 and of the profit of the Company for the year ended on that date.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of assets of the Company and for preventing and detecting frauds and other irregularities.
- iv) The Annual Accounts of the Company have been prepared on a going concern basis.

Auditors

The Auditors of the Company M/S. S P C M & Associates, Chartered Accountants, Pune (formerly known as Bora Kasat & Co.) retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office, if re-appointed. Shareholders are requested to re-appoint them and fix their remuneration.

Research & Development

Your Company firmly believes that "Pursuit of Excellence" is one of the most critical components for sustainable success in the real estate market. Your Company has achieved high maturity through rigorous adherence to high evolved processes.

Human Resources

Employees are the most important assets of the Company. The Company endeavors in encouraging