

# Unitech Limited

Making key strategic moves



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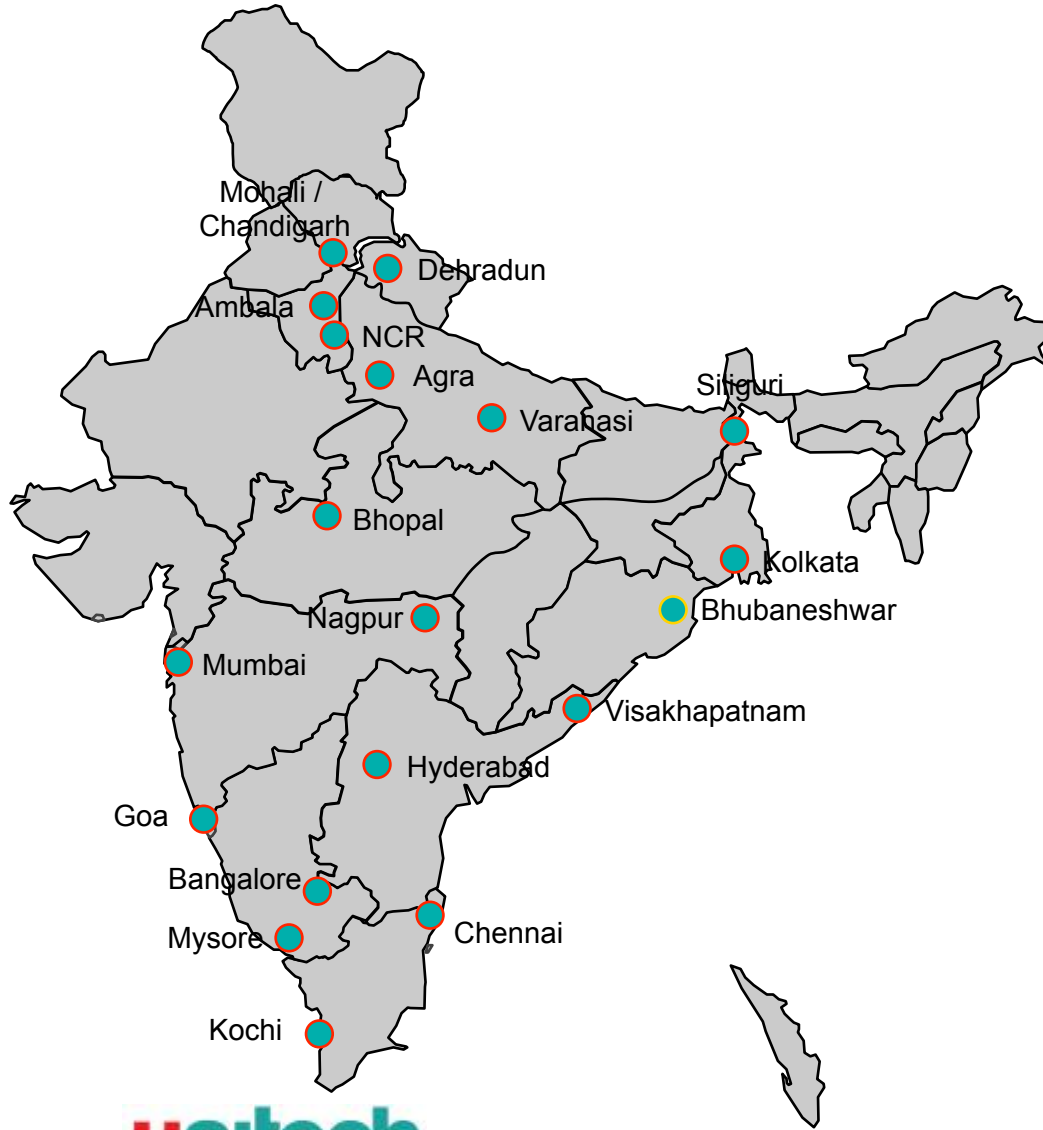
## Macroeconomic Scenario

- Strong recovery in the Indian economy during H2 FY10
- GDP growth – 7.4% in 2009-10 , expected to be over 8% in 2010-11
- Buoyancy in the job market, rising wages
- Strong domestic demand
- Normal Monsoon expected
- Inflation yet to moderate
- Interest rates trending up

# Industry Scenario

- Growth momentum in the Indian economy translated into recovery in the physical property market.
- Recovery began in Mar'09 with revival in demand for affordable housing
- Demand for higher end residential product also picked up during the 2<sup>nd</sup> half of FY10
- Residential property prices have risen since Sep'09 by varying degree across the country.
- At present, demand for residential property is healthy across segments.
- Demand for Commercial property was showing some signs of recovery before the uncertainty created by Direct Tax Code proposals.
- Commercial rentals continue to be subdued due to high vacancy.

# Unitech – Truly diversified developer



- Only developer to have a large presence in major cities across all four regions – NCR, Mumbai, Chennai, Kolkata
- Diversified land bank to offer a wide variety of product
  - Plots, Low rise, Mid rise and High rise developments
  - Suburban as well as city centre developments
  - From Low cost to Luxury (focus on affordable housing)



- Well poised to be the market leader in residential property
- Countercyclical / stable cash flows

# Shift in Strategy

Repositioning to attain leadership position in residential segment through focus on affordable housing and improve sustainable cash flows

	Key focus areas	Before	Now
1	Residential segment	<ul style="list-style-type: none"> <li>Primarily target luxury/upper middle income housing segment</li> </ul>	<ul style="list-style-type: none"> <li>More focus on mid and affordable housing segment</li> </ul>
2	Commercial segment	<ul style="list-style-type: none"> <li>Create capacity in anticipation of demand</li> <li>Build and hold to lease</li> </ul>	<ul style="list-style-type: none"> <li>Cater to primarily pre-sold/ pre-lease projects</li> <li>Build and sell</li> </ul>
3	Land bank	<ul style="list-style-type: none"> <li>Buy predominantly agricultural land and build land bank for projects across all segments</li> </ul>	<ul style="list-style-type: none"> <li>Focus on monetizing existing land bank.</li> <li>Incremental land buying only to improve shape of existing land.</li> </ul>
4	Pricing	<ul style="list-style-type: none"> <li>Maximize realizations</li> </ul>	<ul style="list-style-type: none"> <li>Maximize volumes while sustaining margins</li> <li>Accelerate cash flows</li> </ul>
5	Debt	<ul style="list-style-type: none"> <li>Asset Liability mismatch primarily due to funding of land by short term debt</li> </ul>	<ul style="list-style-type: none"> <li>Focus on deleveraging</li> <li>Longer maturities</li> </ul>

# The mid/affordable housing opportunity

Huge demand projected in the affordable housing segment

Number of households (million)	2005	2015	2025
High Income Group	1.2	3.3	9.5
Middle Income Group	13.3	60.6	128.0
Low Income Group	192.4	180.1	143.0
<b>Total</b>	<b>206.9</b>	<b>244.0</b>	<b>280.5</b>

Source: McKinsey Global Institute

Housing shortage	Dwelling Units (mm)
Beginning of 11 th 5 year plan (2007)	24.71
End of 11 th 5 year plan (2012)	26.53

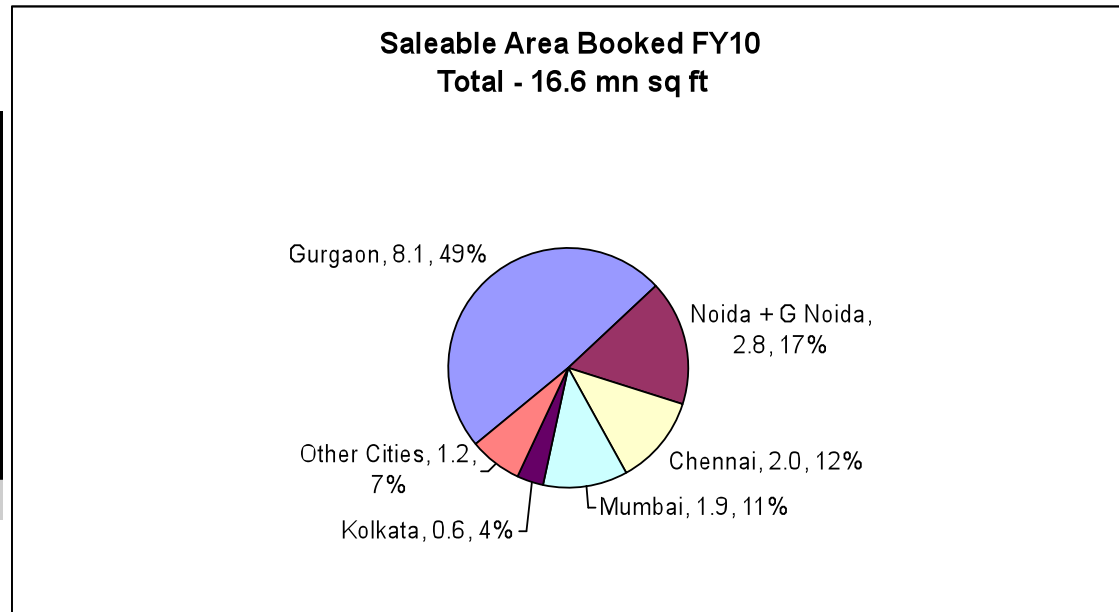
Source: Ministry of Housing and Urban Poverty Alleviation, India

- Through a combination of reduction in costs, decrease in unit sizes and reduction in margins, Unitech has been able to offer housing at prices affordable to a wider cross section of customers
- Differential interest rates for loans below Rs. 20 lakhs to boost demand in the affordable housing segment
- Unitech offering product in the sub Rs. 20 lakhs range under the '**Unihomes**' Brand



# Unitech's strategy yielding positive results

City	Area Launched (mn sq ft)	Area sold (mn sq ft)
Gurgaon	9.6	8.1
Noida + G Noida	6.2	2.8
Chennai	2.6	2.0
Kolkata	2.6	0.6
Other Cities	5.3	3.1
<b>Total</b>	<b>26.2</b>	<b>16.6</b>



- Achieved all time high sales bookings in FY10
- 16.6 mn sq ft of total area sold during the last fiscal year
- Unitech's projects now spread across multiple cities



# Enhancing execution capabilities

Various measures being taken to reduce construction time as well as cost

- **Product Standardization** : High volume standardized “manufacturing style” product will result in economies of scale and quick execution
- **Process Changes** : Implementing various process changes to speed up construction activity
- **In house architectural design** : Architectural design esp. for mid/affordable housing being undertaken in house for faster turnaround.
- **In house engineering design** : Acquired a structural design firm to enhance in house engineering design capabilities. Benefits – quick turnaround and lower costs. They also critically evaluate designs by external firms to reduce cost.
- **Expanding the contractor base** : With projects in multiple cities, Unitech is tapping the local contractor base in different cities.
- **Higher mechanization** : Incentivising contractors to deploy more equipment.

# Unitech Infra Ltd

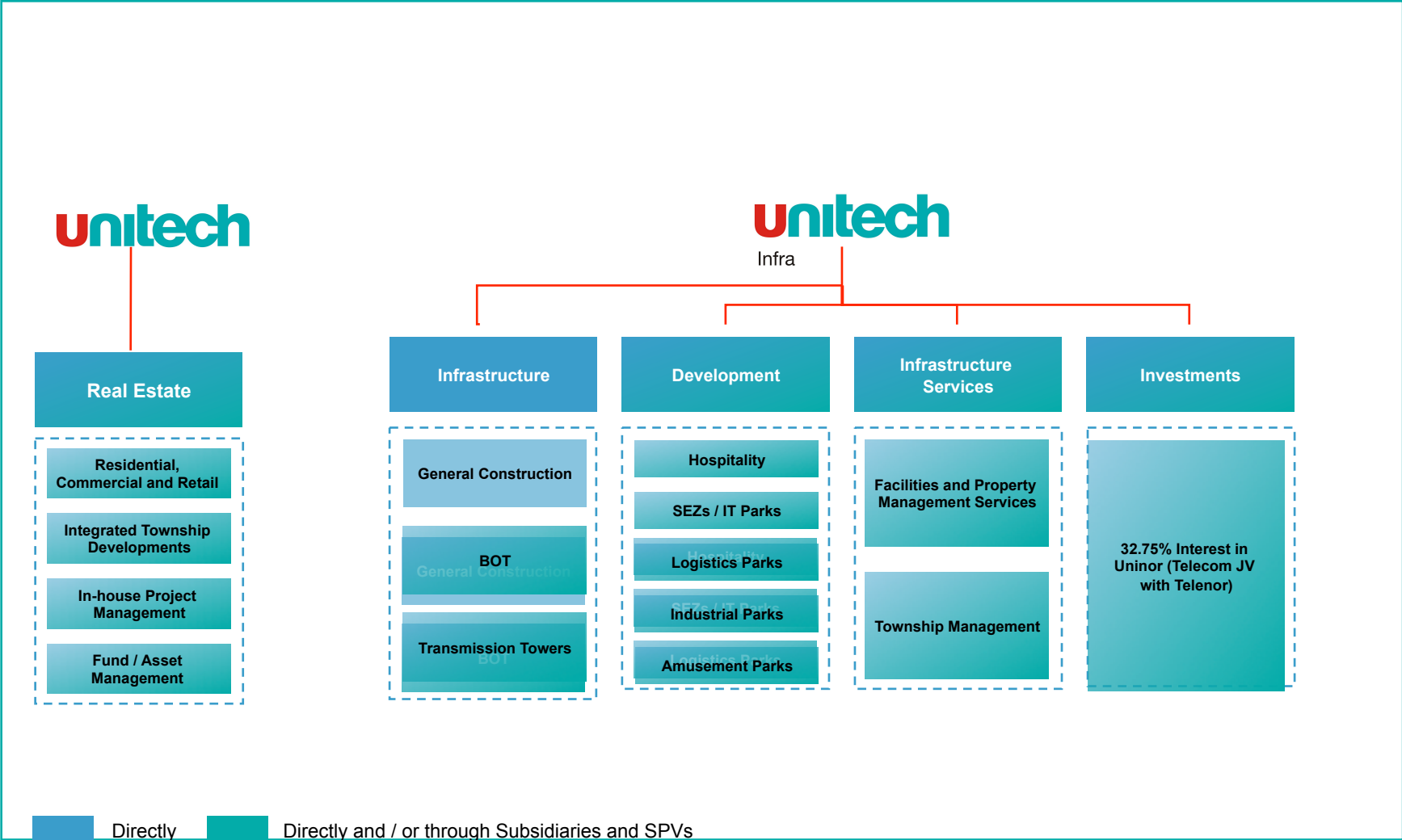
- Infrastructure Businesses Gearing up for Growth

# Unitech Today - Business Snapshot

Leading Real Estate Developer with Capabilities Across Verticals

	Real Estate	Property Management and Consultancy Services	Construction and Transmission Towers	Investments
<b>Overview</b>	 <ul style="list-style-type: none"> <li>Completed development of:                             <ul style="list-style-type: none"> <li>Over 24 MM sq. ft.</li> <li>Six townships covering an area of c. 1,400 acres as of January, 2010</li> </ul> </li> <li>Over 7,500 acres of geographically diversified and low cost land bank</li> <li>Presence across asset classes</li> <li>Only developer to have a large presence across all four regions - NCR, Mumbai, Chennai and Kolkata</li> </ul>	 <ul style="list-style-type: none"> <li>Property management services through Unitech Property Management Private Limited (UPMPL)</li> <li>Maintenance and management services, including power distribution, power generation, air conditioning, water supply, security services, parking management etc.</li> <li>Consultancy services include investment management and asset management services</li> </ul>	 <ul style="list-style-type: none"> <li>Proven track record in construction and infrastructure projects</li> <li>Integrated engineering, procurement and services for construction and infrastructure projects</li> <li>Manufacture of power transmission and telecom towers</li> </ul>	 <ul style="list-style-type: none"> <li>Pan-India telecommunication licenses</li> <li>Received initial spectrum in 21 circles in Feb 2009</li> <li>Launched GSM services across 13 circles</li> <li>Telenor has invested INR 61.4 Bn for a 67.25% stake</li> </ul>
<b>Key Operational Statistics</b>	<ul style="list-style-type: none"> <li>c. 26 MM sq. ft. launched in FY2010</li> <li>Sales of c. 16.6 MM sq. ft. in FY2010</li> </ul>	<ul style="list-style-type: none"> <li>Currently manages facilities of over 10.3 MM sq. ft.</li> <li>Nearly 900 acres of townships under management</li> <li>Generates and Distributes over 100 MW of power</li> </ul>	<ul style="list-style-type: none"> <li>Expected construction order book of c. INR 22 Bn</li> <li>Transmission towers order book of INR 5.1 Bn as on April 1, 2010 (INR 1.3 Bn under development)</li> </ul>	<ul style="list-style-type: none"> <li>Over 5 MM subscribers as of end May 2010</li> </ul>

# Portfolio of Businesses post restructuring



# Rationale for Restructuring

- **Segregate Infra businesses** – which are capital intensive – from real estate business – which is expected to generate surplus cash.
- **Provide greater focus to different businesses** – Independent Management teams to run real estate (Unitech Ltd) and infra businesses (Unitech Infra Ltd)
- **Provide flexibility to shareholders** – they can choose between real estate and infra businesses going forward
- **Leverage Unitech's over 30 years experience** in development of Infrastructure projects and exploit the infrastructure opportunity in India as well as overseas.

# Financial Impact

Unitech's Balance Sheet expected to remain largely unchanged post restructuring

No significant impact on revenues and profits as Unitech derives over 85% of its revenue from real estate business

As of 31 <sup>st</sup> Mar'10	Impact of Restructuring	Expected Increase in Equity	Post Restructuring
Networth – 10,179  Debt – 6,007	Reduction in Networth – 800  Reduction in debt – 350	Equity Infusion by promoters – 850  Profits generated	Networth – 10,229 <i>(Plus 35% stake in Unitech Infra)</i> Debt – 5,657



*All figures in Rs. Crores and the values are approximate<sub>t4</sub>  
 Impact of repayments/fresh borrowings not considered in debt post restructuring*

## Restructuring – some more details

- Appointed Date for the demerger would be April 2, 2010
- Existing Unitech shareholders will receive 1 equity share of face value of INR 2 per share of Unitech Infra, for each equity share held in Unitech
- Existing shareholders of Unitech will hold 65% of the total shares outstanding of Unitech Infra
  - Unitech will hold 35% of the total shares outstanding of Unitech Infra
  - Unitech will be the single largest shareholder of Unitech Infra, post the demerger
- Upon effectiveness of the demerger, which would include, inter alia Board approvals, Stock Exchange approvals, Shareholder approvals, Creditor consents and High Court approval, it is proposed that Unitech Infra would be listed on the BSE and NSE

# Unitech Infra – Strong Value Unlocking Proposition

*Well Poised to Capitalize on the Infrastructure Growth Opportunity*

## The Opportunity

- Huge opportunity in the growing Indian infrastructure sector – Total expected XIth plan outlay of c. INR 21 Trillion (1)
  - INR 3,118 Bn investment estimated in road projects
  - INR 831 Bn investment estimated in power transmission projects
- Strong GDP growth forecast of 8.5% in FY2011 and 8.4% in FY2012 to provide impetus to hospitality, SEZ and property management business



## Expertise

- Expertise in construction and power transmission projects
- Completed highway / flyover projects across Uttar Pradesh, Haryana and Madhya Pradesh
- Experience in hospitality, SEZs / IT parks and amusement parks development
- **Unitech's unparalleled relationships, experience and execution capabilities**



## Visibility at the Onset

- **Infrastructure Business:** Construction order book of INR 22 Bn based on a Lol from Unitech; Transmission towers order book of INR 5.1 Bn as on April 1, 2010 (INR 1.3 Bn under development)
- **Development Business:** Development portfolio of 11 hospitality projects across cities; SEZs / IT parks across prime strategic locations with a potential lettable area of 21.4 MM sq. ft.
- **Infrastructure Services Business:** 10.3 MM sq. ft. area under management
- **Telecom:** Over 5 MM subscribers of Uninor as of May 2010



**unitech**

Infra

**unitech**

1. Source: Planning Commission and Broker Research



## Uninor – Creating Value

- Telenor completed its entire investment of Rs. 6135 Crores – reaffirming its long term commitment to India.
- Unitech Ltd. has an economic interest of 32.75% in Unitech Wireless
- Based on entry valuation of Telenor, Unitech's economic interest is valued at ~Rs. 3,000 Cr i.e., per share valuation of ~ Rs. 12.50
- Commenced services in early December under 'Uninor' brand
  - Offering services in 13 circles with pan-India roaming facility to customers
  - Price plans that are attractive yet not disruptive. 'Dynamic Pricing' plan
  - Robust distribution and retail strategy in place with technology driven business solutions that are unique to India
  - Positive response from market, over 5 million subscribers in a short period.
  - Over 20,000 BTSs in its network
  - Strong Management team with over 2500 employees
- Targeting EBITDA break-even in 3 years and cash break-even in 5 years



**Thank You !!**

**unitech**