



To,  
The Assistant Manager,  
National Stock Exchange of India Limited Listing  
Department, 'Exchange Plaza', Bandra Kurla  
Complex,  
Bandra (East),  
Mumbai – 400051

To,  
The General Manager,  
BSE Limited,  
Corporate Relationship Department,  
1<sup>st</sup> floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

26 May 2020

**Sub: Disclosure of Impact of the CoVID-19 pandemic on the business.**

**Ref: NSE Symbol and Series: KOLTEPATIL and EQ  
BSE Code and Scrip Code: 9624 and 532924**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Notification No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 regarding "Advisory on disclosure of material impact of COVID 19 pandemic on listed entities", we hereby submit disclosure regarding "Impact of the CoVID-19 pandemic on the business."

The disclosure is attached herewith.

This is for your information and record.

Thanking you,

**For Kolte-Patil Developers Limited**

**Vinod Patil  
Company Secretary and Compliance Officer  
Membership No. A13258**

**Encl: as above.**

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**KOLTE-PATIL DEVELOPERS LTD.**

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## **Impact of the CoVID-19 pandemic on the business**

### **Impact on Q4FY20**

- Kolte-Patil Developers Ltd. (KPDL) has recorded sales booking of 2.5 million square feet, which is in line with the management's guidance for the year. In Q4FY20, KPDL's sales bookings were at 0.67 msf, up 6% on y-o-y basis. Strong momentum from Q3 had continued for most of Q4 as well despite the CoVID-19 scenario unfolding in China, and globally, and its progressively increasing impact on the India consumer sentiment.
- However, the lockdown due to Novel Covid-19 pandemic was imposed in India from second half of March, which impacted bookings since then.
- We see this as deferment of demand as our value offerings in the affordable and MIG segments are continuing to find strong interest that should translate into sales velocity over a period of time once lockdown is lifted and we revert to normal economic activity.

### **Functioning of operations**

- The lockdown was seen to be imminent since early March and many companies including KDPL had already started practicing 'social distancing' and implemented 'work from home'.
- KPDL had put in place, in early March, a Business Continuity & Risk Management Blueprint aimed at minimizing impact on the employees, customers, business associates and shareholders. KPDL's leadership team has prioritized on employee, labour and customer safety, customer commitments, cash flow planning and readiness to resume operations upon lockdown being lifted.

### **Sales/Bookings**

- In Q4FY20 sales bookings of 0.67 msf enabled KPDL to achieve FY20 sales bookings of 2.5 msf, in line with the guidance of 2.4-2.7 msf.
- The rapid digitisation of sales channel, novel offerings along with Kolte-Patil brand name allowed the Company to quickly ramp up sales to 50% of the normal monthly run rate. KPDL has sold 180 homes during March 15- April 30, 2020.
  - Though real estate is a business driven by physical interactions and project visits, sensing the arrival of a lockdown, KPDL rapidly scaled up its digital sales capabilities. The Company has built a strong digital platform to ensure virtual collaboration, communication and secure data

transmission with its customers even while its employees continue to working from home. KPDL stepped up, so that its customers don't have to step out.

- Advanced digital tools like 360-degree project walk through and user friendly virtual assistance heightened the customer experience. KPDL provided home buyers with incremental offerings including investment price protection, zero cancellation, 20:80 payment plans and they have been very well received. Further, the Company also launched a novel initiative 'Unnati Deposit Scheme', where a customer earns attractive returns on early payment deposits.
- In these difficult times, KPDL was continuously in communication with customers, and the customers have appreciated the Company's efforts to keep them updated on the project progress as well as new initiatives.
- We see this strong digital connect as an incremental sales channel that has allowed to gain visibility with customers and expect to continue these initiatives as an ongoing market access strategy.

### **Collections**

- In Q4FY20, KPDL achieved collections of Rs. 378 crores. FY20 collections at Rs. 1,368 crores were the highest ever in the Company's three-decade history.
- Before end of March, KPDL had raised invoices of Rs. 145 crore to its customers. Despite registrations and customers' willingness to pay, the Company was able to collect only 30% of the Rs. 145 crore of collections as banks have been constrained due to lockdown and the pace of processing has slowed down for them.

### **Construction & Operations:**

- KPDL has been taking care of the food and shelter requirements of thousands of its labourers and their families across sites since the lockdown.
- The Company's project sites across Pune and Bangalore have resumed construction and sales activities from May 12, 2020 and May 05, 2020 respectively. All the necessary approvals have been obtained and various directives issued by Central/State/Municipal authorities, in India, have been complied with. The Company has taken appropriate precautionary measures to ensure safety and health of all its employees.
- Presently, KPDL has mobilized nearly 40% of its construction workforce at its sites in Pune and Bangalore. Operations have resumed at partial capacity and construction will be scaled to normalized level in a phased manner based on government directives.
- The Company expects construction to reach optimum levels in 3-6 months post lifting of lockdown as migrant labourers resume work gradually. Meanwhile, the company is exploring increased use of technology to fasten the pace of construction going forward.

## **Payments & Obligations**

- All statutory and debt payments have been made on time till April 2020.

## **Employee Welfare**

- The Company remains committed to the welfare of our employees. All employee salaries have been paid in full and on time till April 2020.
- Though real estate would be one of the worst affected sectors due to the COVID-19 pandemic and the lockdown and the news flow of salary cuts in the sector has been fairly regular, KPDL will not be cutting salaries of its employees.
- Keeping in mind, the interest of the employees and the Company at large, the promoters of KPDL, Mr. Rajesh Patil, Mr. Naresh Patil and Mr. Milind Kolte have decided to take a salary cut of 50% for FY21.
- Further, the Company has put in place stringent monitoring processes for Covid-19 ensuring the following:
  - Thermal Screening of all employees and visitors
  - Sanitizing the premises and vehicles on regular basis
  - Maintenance of social distancing at all work places
  - Enforcing wearing of masks and regular cleaning of hands
  - Regular health updates of all the employees and their families
  - Conducting awareness programs regularly for all its employees
  - All customers and vendors have been communicated with about the measures taken by the Company

## **CSR**

- KPDL has contributed Rs. 25 lakhs to Maharashtra CM's COVID-19 Relief Fund via CREDAI.

## **Profitability**

- There has been no significant impact on Q4FY20 profitability, however, slowdown in sales and collections in the last two weeks of March did have a minor impact. If operations throughout FY21 remain at 50% levels with overheads and debt at current levels then profitability will be impacted accordingly.

## **Capital and financial resources**

- In April 2020, KPDL undertook strategic land monetization of ~5.42 acres of Sector R10 of Life Republic for INR 91 crore which strengthened the company's financial position. This inflow, the Company's internal accruals and funds from PE partnerships will be used as growth capital for new business development.

## **Liquidity**

- As on March 31, 2020, the Company had access to undrawn lines of bank debt of Rs 110 crore, and cash and cash equivalents of ~Rs 80 crore. KPDL, on a regular basis, maintains unencumbered cash and cash equivalents of at least Rs 50 crore, and liquidity will continue to be maintained at similar levels.
- KPDL has raised invoices worth Rs. 145 crore to its customers. Further, KPDL has a good pipeline of new launches, sufficient sold and unreleased inventory in ongoing projects and minimal completed unsold inventory which will further improve liquidity.
- The Company has availed a moratorium of three months from its lending banks as a matter of abundant caution. The total bank borrowing as on March 31, 2020 is Rs. 520 crore. The Company does not foresee any issue in its ability to service debt and other financing obligations.
- In the event that the lock down situation persists longer than anticipated, the Company has adequate liquidity to manage all its fixed costs & cash outflows.
- Even if KPDL achieves 55-60% of last year's collections, it can sustain its operations comfortably. Collections are a function of pace of construction and the Company is fully focused on mobilizing resources, initiating construction at its sites and continuing with its past record of timely execution.

## **Internal financial reporting and control**

- The Company has robust ERP systems (SAP) and digital capabilities in place and all its locations are well networked. The Company has a strong Internal Audit framework in place to ensure operational efficiency, risk management, accuracy and completeness of the accounting records. The MIS system is timely updated on material procurement, inventory, construction, costing, sales, collections and finance accounting and control during the lockdown as well. All financial reporting by the Company is in line with SEBI guidelines. Further, leading global auditors, Deloitte Haskins & Sells LLP, and KPMG are the Company's Statutory Auditors and Internal Auditors respectively.

## **Supply Chain**

- KPDL has near term visibility of supply of all regular building materials through established and dependable suppliers. All vendor and supplier payments are being processed as and when due as per normal business practice.

## **Demand**

- India is expected to be the one of the first economies to recover due to the sheer size of its population and resultant domestic consumption. Further, the Company believes India is set to gain substantially as MNCs increasingly look to move out of China for their manufacturing needs. It also expects Indian trade stands to gain from the increased recognition of the leadership and brand in world politics of Indian PM Mr. Modi. While of course, there is short to medium term pain, however, KPDL believes the long-term prospects of India as a country have improved manifold.
- The Company believes that residential housing demand will see green shoots around Diwali and expects healthy recovery around December 2020 onwards. Within residential real estate, it expects demand for affordable to mid-income segment (Rs. 35-80 lakhs) to revive the fastest.
- Investor led demand is also expected to see revival. With the equity market at its most volatile, and real estate prices in India subdued, investors are also looking towards real estate to diversify risk and earn healthy returns.

## **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

- There are no existing major contracts or agreements where there will be any material & fundamental impact on the company due to non-fulfilment of obligations.