

**Ref No: PSPPROJECT/SE/17/20-21**

**June 09, 2020**

Corporate Relations Department  
BSE Limited  
Floor 25, P.J. Towers,  
Dalal Street, Mumbai- 400 001  
Scrip code: 540544

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051  
Scrip Symbol: PSPPROJECT

Dear Sir/Madam,

**Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Material Impact of COVID-19 pandemic**

Pursuant to Regulation 30 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular 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 business, performance and financials of the company, please find enclosed herewith the said disclosure of material impact of COVID-19 pandemic on the business and performance of the company.

Kindly take the same on your record.

Thanking You,

**For PSP Projects Limited**

  
**Mittali Christachary**

**Company Secretary and Compliance officer**



Encl: As above

## **Disclosure of Material Impact of COVID-19 pandemic**

### **1. Material Impact of the COVID-19 pandemic on the business:**

- The outbreak of COVID-19 pandemic globally and in India, followed by the nationwide lockdown has caused significant disturbance and slowdown of economic activities; with construction being one of the most affected sector.
- In view of the sudden lockdown, the site operations were closed from the last week of March this year. Subsequently, with the release of the notification and guidelines issued by the government, work was resumed at some of the sites upon receipt of approval from concerned authorities. However, after the movement of interstate migrant labourers to their native places amid the COVID- 19 induced situation, the available labourers have been deployed at major project sites for their optimum utilisation and are presently working at a reduced labour strength of 20%. Further, there is also a constrain on material availability.
- The overall situation has impacted the tight timelines of some of our projects and will further also impact the sales and profitability of the company for the first half of FY21.

### **2. Ability to maintain operations including supervision of project sites and offices and steps taken to ensure smooth functioning of operations:**

- As stated above, with the migration of labourers, the overall labour strength is reduced by 75% to 80% and the available labourers are deployed at our major sites and are presently working.
- Company's corporate office at Ahmedabad, Gujarat continue to remain shut till today and employees are advised to work from home, only the HODs and task based staff remains present. All IT systems are in place and are being monitored remotely.
- We are following necessary social distancing and safety guidelines at the sites that are operational and which will be implemented at all the sites once resumed. Some of the key aspects to ensure smooth functioning of operations includes:
  - SOP has been systemized by the EHS department of the company to resume the work
  - Mandatory downloading and use of Arogya Setu application launched by Government
  - Mandatory wearing of face masks, hand gloves, body temperature scanning, thorough & frequent sanitization of work-place and maintaining the prescribed physical distancing between employees.

### **3. Status on Commencement of Operations:**

- The migration of labourers has caused significant disruption of our business operations. Some of the major sites are operational with minimal labourers. The company has started preparations to start up the operations.

- The company is taking various steps to restore the adequate labour strength and with relaxations in the lockdown from June 01, 2020, labourers have started returning back to work, which is a positive development towards normalcy. We were able to mobilize about 600 labourers in the first week of June. We are anticipating that by end of June, we will have about 70%-80% labour strength back on projects.
- Company has categorised the projects based on the project current status, cash flow & availability of workforce. The closed projects will be commenced gradually one by one where suitable projects will be given priority of commencement.

#### **4. Estimation of the future impact of CoVID-19 on its operations:**

- Construction industry (especially the building sector) has lost three productive months of the year which is going to hit the sector in an unpleasant way. According to the current estimates, the management believe that the operations of the company may return back to normalcy by Q2FY21. Thus, the COVID-19 situation is expected to also affect the profitability during the first half of this year only. This is based on the management assessment of the current COVID-19 pandemic situation and the impact of the same on the business of the company as of date.
- While it is difficult to estimate the complete impact of COVID-19 on the future operations of the company at this point of time, we foresee some of the future impact on the operations as mentioned below -
  - Companies will have to manage with a limited cash liquidity.
  - Company will witness a noticeable decrease in the Revenue and Profit for the year.
  - There may be labour shortage for few more months.
  - The cost of operations will rise (sites & offices) due to adherence to COVID-19 guidelines and elevated pricing observed in case of hand sanitisers, masks and other related items.
  - Contractors and client will have to rework on the project budget and timelines and the plan to remobilize the project.

#### **5. Details of impact of CoVID-19:**

##### **a) capital and financial resources;**

Company has sufficient cash funds in the form of fixed deposits and partially unutilised fund based credit facilities to meet short term financial shortfalls.

##### **b) profitability;**

Due to non-working conditions during the lockdown and subsequent migration of workers to their home states has resulted into sudden downfall/negligible sales,

simultaneously company is surrounded by many fix cost to perform. This will have significant impact on the profitability of Q1FY21.

**c) liquidity position;**

There has been a delay in recovery of some trade receivables during the lock down period. The same is expected to be realised once the operations are streamlined.

**d) ability to service debt and other financing arrangements;**

Company has sufficient funds to pay the interest and loan instalments on due dates.

**e) internal financial reporting and control.**

There was no impact on internal financial reporting and control.

**6. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the company's business**

As far as construction industry is concern, currently our operations are impacted mostly due to labour shortage. Obligation by any other party won't have any significant impact on company's business.

**7. Other relevant material updates on the business**

- Company in coordination with the clients & sub-contractors putting best efforts to improve the situation. Our Team is ready with the post COVID construction roadmap and guidelines, we believe that the workers strength will start improving soon and will be able to see smooth operations.

The update given above is dynamic in nature and reflects the current assessment of the situation.

Thanking You,

**For PSP Projects Limited**

  
**Mittali Christachary**

**Company Secretary and Compliance officer**

