

Ref No: PSPPROJECT/SE/50/21-22

September 18, 2021

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: Chairman's speech delivered at the 12th Annual General Meeting of the company.

Please find enclosed herewith the Chairman's speech, delivered at the 12th Annual General Meeting of the company held today i.e. September 18, 2021 through Video Conferencing.

Kindly take the same on your record.

Thanking You,

For PSP Projects Limited


Mittali Christachary

Company Secretary and Compliance officer



Encl: As above

**CHAIRMAN'S SPEECH
AT THE 13th ANNUAL GENERAL MEETING**

Ladies and Gentleman,

Good morning,

I once again welcome you to the 13th Annual General meeting of PSP Projects Limited. During my previous AGM I was hoping to meet you in person and address this year's AGM but the situation is different, the second wave of coronavirus and expectation of the third wave has forced us to maintain caution. Let us hope for better times in the near future for which I request each one of us to follow Covid-19 appropriate behaviour to prevent severe surge in the spread of the virus.

On behalf of the PSP Projects Board of Directors, I want to thank you for taking the time out to join us today.

“Challenging the now, Embracing the new” is how I would think about the financial year of 2020-21 that has gone by. Despite the challenging circumstances of the year due to the outbreak of COVID-19 and the resultant lockdowns, we remained focused on working smarter by expanding geographically, investing in futuristic pre-cast technology, providing safe working environment to our employees by following various covid-19 precautions.

I take pride in informing you that PSP Projects is amongst India's fastest-growing construction companies, with a proven execution track record, highly de-risked and growing order book. Leveraging our rich experience in the construction industry, we have emerged as a one-stop shop providing end-to-end and holistic services in the construction domain. As I reflect on the period since the last AGM, below mentioned are the key highlights at PSP Projects Limited:

- Over a period of 13 years of operations, we have delivered a total of 166 projects as on March 31, 2021, adhering to our commitment in quality and timeliness of delivering the project. Despite operating in a year marked by disruption, FY21 turned out to be the best year for order additions and gave us the highest-ever order book of Rs.4,120.97 crore.
- A major chunk of our order book comprised of government projects at 61.57% in FY21.
- During the year, we were awarded work orders for construction of seven medical colleges and hospitals at Uttar Pradesh on a turnkey EPC contract, which showcased our expertise in handling a diversified range of projects and helped de-risk the order book amidst the current uncertain times.

- This order has enhanced the wallet share of EPC work in the aggregate order book to 56.26%.
 - The aggregate project value is at Rs.1,491 crore
 - These are one of the marque projects that we have won outside the state of Gujarat
- Other projects awarded during the year under review are: -
 - A residential project for Adani Estate Management Pvt. Ltd. at Ahmedabad, Gujarat worth ₹ 498.83 crore
 - Construction of a Commercial building at Ahmedabad, Gujarat worth ₹ 101.09 crore
 - Development of a Rescue and Rehabilitation Center for Reliance Industries Limited worth ₹ 80.10 crore at Gujarat
- In total, during the year, we bagged total new orders on a standalone basis amounting to Rs.2441.17 crore mainly from states of UP and Gujarat. With receipt of these orders, I am pleased to share that today we are sitting on the highest-ever consolidated order book, offering a strong revenue visibility.
- For the year under review, our pure play civil construction comprised of only 5.39%, whereas Turnkey contracts comprised of 38.35% and EPC (which includes design element) constituted the major chunk at 56.26%. This validates us being a one-stop solution construction company present throughout the value chain starting from planning, design, construction and post-construction services including MEP work and other interior fit-outs which provides us with several opportunities, faster project turnaround time & higher ticket size.
- Giving momentum to our strategy of geographical diversification, I am happy to share that during the year under review, 61% of the order book is from markets other than Gujarat. Being headquartered in Ahmedabad, not only are we strategically located in the core market of Gujarat but have gradually expanded our presence to six different states of India, establishing a pan-India presence. We are present in six states viz. Gujarat, Rajasthan, UP, Karnataka, New Delhi and Maharashtra.
- We have successfully completed 23 Projects in the year under review, which contributes to the total projects completed by us to 166 as on 31st March, 2021. Despite FY21, being a turbulent year, we could complete same number of projects as that completed during last financial year of FY20. Major Completed projects in this year includes:
 - Beautification of Ahmedabad C.G. Road
 - Interiors of Leela Hotel, above Gandhinagar Railway station.

- Medical College and Hospital for Dharm Singh Desai University
 - Zydus Hospital, Sitapur (A CSR Project by Maruti Suzuki Foundation) (EPC Project)
 - R&D and Research Centers in Gujarat for Zydus Cadila Group company
 - Medical College & Hospital at Dahod (EPC Project)
- All of this has been made possible only through the continuous support and commitment of all our 1200+ employees and 17,000 contractual labourers that we engage with. It's their hard work that helps us achieve our motto of 'Build to Last' where we aim to build high quality, innovative infrastructures for our customers, provide customers outstanding performance in terms of excellent projects' execution and fast delivery.
- One of our existing projects, Surat Diamond Bourse, is the world's biggest office complex on a single basement. The built-up area of the project is 66 lakh sq. ft and comprises of 4,200 offices. We are proud to have set a record of pouring 120 trucks of concrete & 70 tonnes of reinforcement steel – continuously for 24 months. We have already completed the original scope awarded to us and currently working on the extra / amended scope. The project is on the verge of completion, the project has strengthened our technical qualification, enabling us to bid for projects worth over ` 2,500 Crores.
- Shri Kashi Vishwanath Dham corridor is one-of-its-kind marquee project developed in Varanasi, valued at ` 339 Crores. The scope of work in the project involves beautification of Corridor from Kashi Vishvanath Temple to Ganga River Ghat, 30 Buildings for various purposes along the corridors and re-development of the ancient temple. We are again proud to mention that company has once again presented its ability showing one of our best performance in most challenging danced area and yet meeting the original deadline of project completion by December 2021 despite being hit by the first and second wave of COVID-19 pandemic. The project enabled the Company to establish itself in the state of Uttar Pradesh.
- With a proven track record of quality of work, delivery of speed, technology and best industry practices, we have been successful in having a decent reputation in the mid-sized EPC construction segment. Our market-leading status is validated by continual and repeat orders secured from marquee clients such as Zydus Cadila Group, Torrent Group and such others.
- We have undertaken capex of setting up pre-cast concrete manufacturing plant – our backward integration project which is on verge of commencing its operations. The annual production capacity of this plant is expected to be 3 million square feet. However, initially under Phase I, the plant will have a production capacity of 1 million

sq. ft. This futuristic solution aims at achieving the desired quality within the timeline for volumetric projects. Using precast is aimed at decreasing the turnaround time of our projects, dealing with logistical issues, labour dependencies and seasonal working restrictions and increasing quality and operating efficiencies. We will be able to manufacture Beams, Columns, Slabs, Load Bearing Walls, Partition Walls, Staircase, and Lift Cores, among others using this facility and other infrastructure elements such as compound wall, Udrain, manhole etc.

- During the year, your company was awarded the Second Fastest Growing Construction Company in Small Category in India for second consecutive year and has been felicitated as one of “India’s Top Challengers of 2019-20” for third time in a row at the 18th Construction World Global Awards, 2020.
- The Company aligned its CSR programmes to COVID relief measures, Education, Animal welfare, Healthcare to the tune of Rs.2.67 crore.
- Speaking on our two government residential projects under PMAY at Bhiwandi and Pandharpur, we wish to update that the work on the project at Pandharpur has been stopped presently due to non-payment of dues from the client.
- For the Bhiwandi Project, we wish to state that when the project was awarded, it was a profit making project, however under one pretext or other the project got delayed for over 20 months out of a 36 months’ contract for reasons not within our control. Later, due to the impact of COVID-19 pandemic, the rates of Cement and Steel increased substantially by 30% to 40% which was causing us a loss of Rs. 50 to 60 crores. Hence, we requested the client to either close the contract and refund the Earnest Money Deposit and the performance Guarantee, as agreed under the Tender Agreement or provide the company a price escalation on overall project cost.

Instead, the client issued a show cause notice to us and arbitrarily threatened to invoke and encash the bank guarantee, due to which we were compelled to go to the court. We filed a petition before the Hon’ble District Court of Thane to prevent the invocation of Bank guarantee as interim relief under Section 9 of the Arbitration and Conciliation Act, 1996. The Hon’ble court by order dated September 09, 2021 had rejected and disposed off the said application and the ad interim relief injunction (stay) granted by the Hon’ble court has been extended for 15 days i.e. until September 24, 2021 to enable the company to assail the order passed by the Hon’ble court in the jurisdiction of High Court of Bombay.

We are now in the process of filing an appeal against the said order of the Hon’ble Thane District court before the Hon’ble High Court at Bombay and further proceed to invoke Arbitration Clause as it is financially not viable to execute the project at loss.

We have incurred an overall loss of Rs. 8.45 crores towards the project, which can be recovered only through Arbitration.

FINANCIAL PERFORMANCE:

Now, Let me take you through the Company's financial performance in the year under review on consolidated basis. Within a span of three years, we have nearly doubled our revenues. Barring the unprecedented pandemic year, we continued the growth streak with significant year-on-year rise in revenues. Even in FY21, we maintained cost ratios and built the highest-ever order book. A strong order book, robust order pipeline and execution capabilities will further translate into further growth.

Our revenue from operations for the year under review stood at Rs. 1,240.86 crore as compared to Rs.1,499.25 crore in the previous fiscal year. Our EBITDA stood at Rs.134.81 crores in FY 2020-21, as compared to Rs.190.98 crores in FY 2019-20 and Profit after tax was Rs.80.88 crore as against Rs.129.13 crores in the previous financial year. The net worth for the year under review is Rs.537.99 crore in comparison with the net worth of Rs. 457.11 crore of the previous year.

The CAPEX addition in plant, machinery and vehicles for the year under review was Rs.181 crore.

Impact of COVID-19:

The COVID-19 pandemic and the nationwide lockdown caused significant operational disturbances for the Company. During the initial phase of the lockdown, unprecedented disruption was witnessed in raw material and labor supply. Due to the lockdown by March 2020 followed by migration of workers, the Company could manage few days to perform at site. The Company had to manage the regular operation cost, salaries, and rents along with additional expenses like facilitating food, essentials, masks and sanitizers to workers at all the projects, arranging the transportation for the workers to send them to their hometown during the initial lockdown period and the same expenses to bring them back after the lockdown. The increased expenses and stalled work at the project sites affected the performance of the Company in Q1 FY21.

The construction work restarted in Q2 FY21 with return of workers in the project sites. The Company followed COVID-19 guidelines as per the respective local authority at its project sites. The Company recovered quickly from the impact of COVID-19 with work at most of its project sites pacing up from H2 FY21 supported by the return of majority of the workers. The second wave of COVID-19 has not affected the construction work substantially due to the localized lockdown allowing normal activities in less affected regions.

Further, the price of various construction materials such as steel, cement, sand aggregates etc. increased significantly impacting the overall cost of our projects. The overall situation impacted the tight timelines of some of our projects and impacted the sales and profitability of the company for the first quarter of the year.

Moreover, during such unprecedented situation of COVID-19, your Company put its remarkable endeavor by completing a project of an addition and alteration work specially being used as a COVID-19 hospital with 1400 beds in total at the New Civil Hospital Campus, Surat, Gujarat by following proper safety measures. The said project was completed within a quick span of 15 days.

Shaping the Future:

Economies across the globe are recovering, and I believe that India will be amongst one of the fastest growing economies. I hold the view that the vaccination drive will gain momentum from the second half of this fiscal year onwards and help the country to control the next wave of the pandemic, if any, without any significant lockdown restrictions or business interruption. It is important for all of us to get vaccinated, I am pleased to inform that 92.54% employees of PSP Projects, have received at least one dose of the vaccine.

Riding the ebb and the flow of economic cycles, we are taking confident strides towards a brighter tomorrow and strengthening the legacy of trust associated with the PSP brand.

With highly automated precast concrete factories changing the face of the construction industry, we are unfolding our digital potential to drive future growth by setting up a state-of-the-art manufacturing plant of precast concrete building. Our key objective is to eliminate labor-intensive traditional building methods by way of maximum prefabrication and use of cutting-edge technology. We believe that offsite modular construction technology is the future to achieve seamless quality, speed in delivery and larger volumes in a controlled environment.

While Gujarat remains our core market, and we are well-positioned to tap new construction projects in and around GIFT City Gandhinagar, Dream City, Surat, and noteworthy Gujarat Industrial Development Corporation (GIDC) projects at Sanand, Dahej, Becharaji etc., we have also established ourselves in other zones of India by executing several quality projects in Maharashtra, Rajasthan, Delhi, Uttar Pradesh, and Karnataka.

Our diversified portfolio includes affordable housing, aside from Smart City and institutional construction along with industrial and marquee government projects. We are both consolidating and expanding our presence, with the strategic target of making PSP a pan-India name as a prominent EPC company. Additionally, the more we diversify and spread our geographical footprint, the more we de-risk the business.

- We possess an attractive revenue visibility of about 24 to 30 months from the existing order book of Rs. 4,120.97 crores. as on 31st March 2021, while without taking into consideration the Government residential project under PMA at Bhiwandi, Maharashtra, the moving order book stood at Rs. 3519.57 crores, which is more than 85% of the order book as on March 31, 2021. We have arrived at stable margins and

possess a strong bidding pipeline of about Rs. 3000 Crores. And few more inquiries are yet to come on table, these pipeline should strengthen our order book a step ahead on a regular interval.

- Company is privileged to have repeat clientele for many years now, we are expecting the same support from them, which will continue to contribute about 30-40% of the total number of projects we receive yearly.
- We are continuously expanding our technical capabilities & moving towards project execution on EPC basis from just a civil contract. These model of Turnkey Contract helps us to deliver the project faster & increase revenue from the particular project by about 35-40%.
- Having completed Projects with Quality and Time in a diverse project mix, plus recorded continues growth in balance sheet, company has grown its Pre-Qualification criteria extensively. We will now be capable to qualify for the project ranging from Rs. 2,000 crore – Rs. 2,500 crore upon the completion of Surat Diamond Bourse Project which is on verge of completion.

As you all know, the Government is aggressive towards the construction and infrastructure industry & it is expected to grow even stronger over the next decade, we have been witnessing a large number of Domestic as well as Foreign Private Investments in Commercial, Industrial & Institutional sectors which generates some large opportunities to company like ours to build their Commercial & Residential Building, Factories, Warehousing & Logistic Parks, Data Centres, Institutional Buildings etc.

Also, there are several initiatives launched by the government to promote urban infrastructure in the country. Some of them includes-

- i. The Smart Cities Mission, a major urban renewal program launched by the Government, that aims to develop and upgrade living conditions and infrastructure in selected 100 cities all over the country. We have already worked on 7 projects in first smart City – GIFT City at Gandhinagar & one major project in DREAM City at Surat. We believe that we will surely encash this first mover advantage of working inside smart cities.
- ii. Promotion for Affordable housing projects through govt. policies like Pradhanmantri Awas Yojna (PMAY), Housing for all and such others.
- iii. Industrial & Infrastructure growth through Upcoming GIDCs, Metro Train/Bullet Train Projects, Medical College & Hospital, Airports Projects etc. are few more initiatives which are generating huge opportunities for Construction Sector.



We believe that such an infrastructural thrust by the government presents immense opportunities for companies like us.

Before I conclude, I would also like to thank the members of the Board for their experience and creative perspectives they bring to PSP Projects. I would like to place on record my great sense of appreciation to the Employees, Clients, Architects & Consultants, Material & Labour Supplier of PSP Projects for continued perseverance and commitment that they demonstrate, and the hard work that they put in every day with a sense of purpose and pride.

Finally, I want to thank you, our shareholders, who have given us consistent support, whether through smooth sailing or turbulent times. The past year has been among the most turbulent of all. We are grateful for your continuing support. Just as we welcome the support of our many new shareholders. We look forward to repaying the faith you have placed in us.

Let us hope that the pandemic will be behind us soon, and we will have the opportunity to meet again face to face.

My best wishes to you all!
