VASCON

Date: July 27, 2020

To,
National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza,
Bandra (E), Mumbai – 400 051

Ref Symbol: **VASCONEQ**

Subject: Revised disclosure of impact of the CoVID-19 pandemic on the Business

Reference: Your Email dated July 08, 2020
Kind Attention: Joyce Rodrigues

We refer to your email correspondence dated July 08, 2020. We hereby submit revised disclosure regarding "Impact of the CoVID-19 pandemic on the business 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".

Thanking you,

For **Vascon Engineers Limited**

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Vibhuti Dani
Company Secretary and Compliance Officer

Encl: As above

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Please find below the Update regarding impact of CoVID-19 pandemic on the business of Vascon Engineers Limited (the Company)

1) Impact of the CoVID-19 pandemic on the business:

The COVID-19 pandemic that has spread throughout the World has also impacted India, with the announcement of the nation-wide lockdown which came into force on 24th March, 2020 the operations at all our projects sites were impacted. With the Government of India relaxing the lockdown conditions for construction sector on 20th April, 2020, the Company recommenced the construction activities gradually at all our project sites wherever the clients permitted the resumption of the same while ensuring that all safety measures set out by the government are being adhered to. The Company's Order Book which stood at around Rs. 2,100 Cores (as on 31stMarch, 2020) is comfortable and is expected to help the company in carrying on its operations smoothly.

On Real Estate Business- Lockdown was imposed from the second half of the March, which impacted the booking since then. We see this as deferment of demand as our value offerings in the affordable and MIG segments are continuing to fund strong interest that should translate into Sales velocity over period of time once lockdown is lifted and we revert to normal economic activity. The Company is actively working on building new avenues to boosts the sales i.e. building-up digital channels.

Cost-saving measures - The Company, by adoption of various cost-saving measures, expects to save substantial costs during FY 2020-21 by rationalising Selling & Distribution Cost, Personnel Cost, Operating Cost and Office & Administration Cost. Most of the savings are permanent in nature and are expected to give long term benefits to the company.

2) Ability to maintain operations including the factories/units/office spaces functioning and closed down:

I. Based on the relaxation announced by the Govt. of India on 20th April, 2020, were commenced the construction activities at all those project sites wherever it was possible/ permissible by adhering to the Standard Operating Procedures (SOPs) issued by the Company and also the rules and regulations framed by the relevant Authorities. To ensure the smooth functioning of the works in our various project sites, we have taken necessary steps to communicate with our employees, stakeholders, customers and vendors about the Company's status and updated them on a regular basis. A review mechanism is in place to monitor the execution of the works systematically.

II. Presently, Company has 30% of construction work force at its sites and operations have resumed at partial capacity. Based on the government directives we plan to scale the construction at normalized level in a phased manner.

III. Furthermore, movement of migrant workers had created a short-term hindrance, the situation is likely to improve gradually. Wherever found necessary the Company will source the Labour from nearby areas.

IV. The Company expects construction to reach normal levels in 3 – 6 months post lifting of lockdown as migrants labourers resume work gradually.

3) Schedule, if any for restarting the operations :

Keeping in view our priority of health and safety of Staff, and labours of the Company, Construction work has been started as per guidelines of Authorities.

4) Steps taken to ensure the smooth functioning of Operations:

The Company is taking utmost care of its Staff and labours and has put in place strict monitoring process for Covid – 19 ensure the following:

- Enforcing wearing of masks and regular cleaning of hands
- Thermal screening of all Staff and workers along with the Visitors
- Santizing the premises and vehicles on regular basis
- Taking regular updates of the health of all staff and labours
- Manitenance of social distancing at all work places and construction sites.

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5) Estimation of the future impact of CoVID-19 on its operations:

- It is very early to assess the future impact of COVID-I9 on the operations of the Company with reasonable certainty. We are carrying out the construction activity in majority of the project sites wherever the work has been permitted. Also, we will continue to bid for new order.

6) Details of impact of CoVID-19 on listed entity's:

- **Profitability:** There has been no significant impact of the lockdown on Q4FY20 profitability, however, the execution and sales has come on complete halt in the last two weeks of March which has a minor impact in Q4FY20.Major impact of lockdown in the revenue and the profitability has been witnessed in the first quarter of the FY 2020-21, Q1 FY20-21 numbers are likely to be substantially lower. It is difficult at this stage to assess the impact of Covid-19 on the revenue and profitability for the whole of FY 2020-21. The Company is focusing on cost control measure to minimise the impact of the crisis on the profitability.

- **Capital and financial resources**: In December 2019, the Company monetized land parcel amounting Rs. 170 crores through Ajanta Enterprise, 50% Joint-Venture of the Company, Net Cash flow to Vascon is Rs. 52.5 crores. Our Consortium Banks have extended COVID loan upto 10% of our fund based Working Capital limits. In accordance that , we have received sanction of AD-HOC credit facility under Covid-19 Emergency Credit Line (CECL) from State Bank of India (SBI) amounting Rs. 6.30 crores for period of 24 months and loan from Union Bank expected upto1 crores. Disbursement of the same is still awaited. This disbursement will strengthen the Company's financial position. Further The Ministry of Finance has also advised the Government Departments to release the Bank Guarantees to the extent of work done.

- **Liquidity position**: The liquidity position of the Company is adequate to meet the requirements of the operation and post disbursement of Ad Hoc Credit facility under COVID 19, we do not foresee any major liquidity concerns in the near term. Hence, the Company has not availed a moratorium of three months from its lending banks..

- **Ability to service debt and other financing arrangements**: The Company do not foresee any issues in servicing debts, interest payments and other commitments in the FY 2020-21.

- **Assets: The Company is not planning any major additions to assets during the year.**

- **Internal financial reporting and control**: The Company has robust ERP Systems (SAP) and all its locations are well networked. The Company has strong Internal Audit framework in place to ensure operational efficiency, risk management, accuracy and completeness of the accounting records.

- **Demand for its Products:** The Company's Order Book which stood at around Rs. 2,100 Crores (as on 31st March, 2020) is comfortable and is expected to help the company in carrying on its operations smoothly. Also, majority of the Projects are of the Central and State Government.

- **Supply chain**: The resumption of activity across regions and sectors has been done in the phased manner which resulted in initial challenges in supply chain. The situation is slowly improving. Almost all the inputsrequired for execution ofthe projects are sourced locally.

V. 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 such contracts /agreements which would lead to non-fulfilment of the obligations by any party and hence there is no significant impact on our business.

Conclusion:

- Going forward, as and when the lockdown restrictions are largely eased, the Company expects to gradually come back to its original level of operations.

Kindly take the above information on records.

Thanking You,

For **Vascon Engineers Limited**

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Vibhuti Dani
Company Secretary and Compliance Officer