



“PSP Projects Limited 2QFY19 Post Results Analyst  
Conference Call”

**November 05, 2018**



**MANAGEMENT: MR. P. S. PATEL – CHAIRMAN & MANAGING  
DIRECTOR & CHIEF EXECUTIVE OFFICER  
MS. HETAL PATEL – CHIEF FINANCIAL OFFICER.**

**MODERATOR: MS. SURABHI BOMB – AMBIT CAPITAL**



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**Moderator:** Ladies and gentlemen, good day and welcome to the PSP Projects Limited 2QFY19 Post Results Analyst Conference Call hosted by Ambit Capital. We have with us on the call, Mr. P.S. Patel – Chairman and Managing Director and Chief Executive Officer and Ms. Hetal Patel – Chief Financial Officer. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Surabhi Bomb from Ambit Capital. Thank you and over to you sir.

**Surabhi Bomb:** Hi, good afternoon. We are pleased to host the management of PSP Projects. We will start with the brief address by the management and then set the floor open to Q&A. Over to you, sir.

**P.S. Patel:** Thank you. Good evening, ladies and gentlemen. This is P.S. Patel – Chairman, Managing Director and CEO of PSP Projects Limited. I welcome you all to this call which focuses on our company’s performance in 2Q and 1H of FY19

Before we move to the financial statistics and performance of Q2 I would like to throw highlight on a few of the key developments in this quarter. We are pleased to inform you that PSP Projects is awarded as one of the “India’s Top Challengers” at 16<sup>th</sup> Construction World Global Award in New Delhi. This award was given to those selected companies that have grown their top line and bottom line for six years as on March 2018 and stayed profitable and manage to give the financials within the defined debt limits, not only that jury have evaluated company’s quality of workmanship, culture and ethics too.

Second, company bagged order worth Rs.380 crores in the quarter from Industrial, Institution and Residential sector, the major award project include three projects amounting to Rs.203 crores from Zydus Cadila group for construction of their hospital in Baroda, R&D center in Baroda and construction of Center Research Lab in Ahmedabad.

One more prestigious project of MRF tyre manufacturing plant at Dahej amounting to Rs.83 crores. An additional work of Rs.50 crores at DDU Nadiad where we have been working since last two years. So it is glad that we are getting repeat orders from our existing customers like Zydus and DDU. All these are the orders received till 30<sup>th</sup> September but we have already concluded some of the additional orders in Q3 also which will be declared shortly once we got clients for an LoI.

The company’s outstanding order book as on 30<sup>th</sup> September 2018 is Rs.2,576 crores including 35 projects under execution. Without Surat Diamond Bourse, work on hand is Rs.1199 crores, so almost Rs.1200 crores is excluding Surat Diamond Bourse. Company has booked Rs.209.95 crores of revenue from operations this quarter where we have about 50% of year-on-year



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growth. We have successfully completed seven more projects this quarter which took a number of completed projects to 110.

As an update, I would like to brief you something about Surat Diamond Bourse project where work is also in progress. So presently about 4,000 plus labors are working at site and every month we are booking revenue of about Rs.25-30 crores, last month we had revenue of about Rs.36 crores which is the highest. Daily basis if you see that concreting which we are doing the project is more than Rs.800 crores to Rs.1000 crores since last 15-days and since we are approaching towards diwali, still we are getting work labors coming to the site this year, so there would not be any effect of diwali vacation on this project also. Overall, the progress of work is good. So these are the highlights from my side.

For detail financial disclosure, I will request our CFO, Hetal Patel to take it forward. thank you everyone to be a part of this call.

**Hetal Patel:**

Thank you, sir. Good afternoon, everyone and welcome on the call. Let me first brief about the standalone financial highlights for the second quarter ended on 30<sup>th</sup> September 2018. Company has booked revenue from operations of Rs.209.95 crores for Q2 which has increased on YoY basis by 51% compared to previous year second quarter revenue of Rs.139.55 crores. The revenue generated from Surat project was Rs.56 crores during second quarter. EBITDA for Q2 is Rs.29.38 crores which has gone up on YoY basis by 58% compared to previous year second quarter EBITDA of Rs.18.64 crores. The EBITDA margin stands at 13.99% for this quarter which was 13.36% in second quarter of previous year. Employee cost has increased from Rs.6.73 crores in Q2 of FY18 to Rs.10.77 crores in Q2 of FY19. This is mainly attributable to increase in number of employees from 628 to 941 as on last date of respective quarters. Increase in depreciation from 228 crores in Q2 of FY18 to 579 crores in Q2 of FY19 is mainly attributable to additions in property, plant and equipment during the current financial year by approximate Rs.32 crores and reduction in useful life of certain assets as per management's review. Profit after tax for the quarter is Rs.17.86 crores which has increased at YoY basis by 41% which was Rs.12.66 crores in second quarter of previous year. If we compare the revenue and profit numbers with previous quarter, that is Q1 of FY19, they are reduced by approximately 11% due to monsoon season during July-August.

Now, I will brief about work on hand data. The total value of work on hand of Rs.2,576 crores as on 30<sup>th</sup> September 2018 which comprises Rs.1,377 crores for Surat Diamond Bourse project and Rs.1,199 crores from other projects. The outstanding order book excluding SDB project of Rs.1,199 crores is distributed over three regions; 86% within Gujarat, 7% will be executed in Karnataka and 7% of work on hand to be executed in Rajasthan. This other project work on hand comprises of 63% of institutional project, 19% from industrial project, 14% from government project and 2% from residential and 2% from government residential project.



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With this I end up with giving key highlights of the company's financial performance and now we are open for the question-and-answer session. So I request the moderator to take it forward. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Dhruv A from Cracita Investments. Please go ahead.

**Dhruv A:** Sir, for the second quarter of the current financial year, we have order inflow of Rs.380 crores, correct?

**P.S. Patel:** Yes.

**Dhruv A:** What was the order inflow for the three months of the financial year?

**P.S. Patel:** It was about Rs.52 crores, I think it was 430 or something like.

**Dhruv A:** As on date, are we L1 on any of the projects?

**P.S. Patel:** Yes, I have already told you, there are a few projects where we have stood L1 and we are waiting for the LoI and there are a few projects in private sector we have already concluded on the rate part, we are waiting for the official work order and LoI, so that order book will be after diwali or maybe tomorrow or day after, I do not know and then when we get the order.

**Dhruv A:** So considering all of the six projects, what should be the total broad order value?

**P.S. Patel:** It will be still in the line of the assumptions or the projections which have shown that Rs.1,000 crores order book will be added in this year. So I hope the same we will be able to achieve.

**Dhruv A:** Sir, how do you see the bidding pipeline?

**P.S. Patel:** Presently, we have already bid for Rs.3,000 crores of project.

**Dhruv A:** This Surat Diamond Bourse project when do you see it getting completed?

**P.S. Patel:** It is still within the range of whatever the timeline decided, it is going to be completed in June 2020.

**Moderator:** Thank you. We will take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.



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- Parikshit Kandpal:** Sir, you spoke about Rs.3,000 crores of project pipeline. So I remember last quarter you have said that you are L1 in Rs.450 crores of commercial project in Southern India, yet to still hear from the client on the finalization of the award. So any update on that?
- P.S. Patel:** No, we never said we were L1, we were hoping that project will be concluded whichever time since long, but finally what has happened, that was the real estate project, so they have concluded to go on that project into three portions, so they have started only 25% of the Rs.450 crores volume which they started with their own contractor who was already working on SDB, so for us that project is closed.
- Parikshit Kandpal:** We have been trying sometime in Southern India to break ground with some bigger size projects, so looking at the current scenario where the private developers, some of them are facing issues because of the NBFC crisis, so how are we approaching this market now?
- P.S. Patel:** Sir, still we are cautious about that market because presently also whatever we have bided in Southern India, that is probably in Bangalore and clients with whom we are already working, that is a bigger group, so we have quoted for some of the projects with them. There is one client from Gujarat who is also operating in Bangalore. So they have the good credibility. So we are going to support for them. We are still not going dynamically on the part of real estate.
- Parikshit Kandpal:** Sir, you are focusing more on your home state and more of like government contracts?
- P.S. Patel:** Yes.
- Parikshit Kandpal:** Sir, we had also mentioned that we will be bidding for IITs and IIMs, some of your peers have been getting very good orders, some of them already said that they are not looking to add new orders now. So how are we seeing on the demand side the bids coming up on the government side and how are we placed basically, you said already you have a pipeline of Rs.3,000 crores, I would say this is one of the big pipelines which you are highlighting, so how much of this you are looking to convert, give some color on this?
- P.S. Patel:** Sir, we always expect 20% out of the total bids always we are bidding but IIM Ahmedabad we are going to put after two weeks and any other government projects we are not focusing too much because we are more focused on private sector only and last two quarters there are no more projects from IIT or IIM, there was one project of IIT in Hyderabad, there are PQ criterias were so strong that only L&T and Shapoorji could qualify throughout India. So still PSP's pre-qualifying criteria as far as government is concerned cannot go beyond Rs.500 crores. So still we have some limitations but after completion of Diamond Bourse maybe we would be able to bid and qualify for the projects more than Rs.2,500 crores. So that will be the main change that will come after 1.5-years.



- Parikshit Kandpal:** Because you said this Rs.1,000 crores is what you will achieve with this new order which will get announced after Diwali. So, I was wondering this Rs.3,000 crores which you are bidding and with the strike rate of 20%, so if you get another Rs.600 crores, so you may be able to exceed your Rs.1,000 crores guidance you may hit that Rs.1,600 or Rs.1,700 crores for this year, so it is more likely to happen?
- P.S. Patel:** We have targeted for Rs.1,000 crores but it may go beyond Rs.1,200 crores also, but still we are not clear till we get the order.
- Moderator:** Thank you. We will take the next question from the line of Chintan Sheth from Samiksha Capital. Please go ahead.
- Chintan Sheth:** Also on the Zydus part, we converted that L1 into firm orders as of now. Sir, last concall we also mentioned a couple of Ahmedabad-based projects, one mall and one residential project which you are bidding, your client is looking out for those projects. What is the...?
- P.S. Patel:** We mentioned the projects which may come, we never said that we are going to bid because these are the two projects with two clients with whom we are working and both the clients are coming up with two projects and those tenders are going to come after Diwali or maybe in December. So it is still on, there is one mall...
- Chintan Sheth:** Is it that part of the six projects you mentioned, post diwali likely...?
- P.S. Patel:** No, that we have not yet bided also, that bidding will start somewhere after November or December first week. So that project is still not included in the bidding value also or the orders which we think that they are going to be concluded also. So it is separate and that may come in December.
- Chintan Sheth:** What is the progress of Dahod Hospital and BSE forum, has the work started?
- P.S. Patel:** BSE forum we have already excavated and starting concrete work after Diwali and Dahod hospital project we have already started and almost after basement footing and foundation work is over and steel building we have reached to ground floor slab also, it is going on fast track, we have to complete somewhere in the May month or June, so we are trying earlier.
- Chintan Sheth:** So likely completion will be by December next year?
- P.S. Patel:** BSE forum we have a timeline of 18-months and for Dahod project also, we have a major project will be completed in 12-months because it is getting developed in existing hospital so we have to get some of the areas vacated and then we have to start the work. So that may also go to 18-months.



- Chintan Sheth:** On other expenses this quarter were kind of lower than the usual trend. Any color on that for this quarter?
- Hetal Patel:** There is no significant increase. For FY18 some of the expenses were one-time expense maybe or we need to book it with execution of this bank loans and all. So that can be the reason. Even at that time, some rental was also on higher side, this office rent which was including in other expense, because of that that reduction can be seen in this quarter.
- Chintan Sheth:** On the labor side, last month we had seen some regional issue with non-Gujarati workers and there were some regional issue with those people and people were fleeing out of Gujarat. Have we faced any issues related to getting the workers in any of the projects?
- P.S. Patel:** No sir, there is no such issue at our side. There were a few issues in some of the parts of North Gujarat, but that was limited to some of the sites and actually none of our site was affected, and it has not affected our company as a whole and it was about a short-term five, 10-days issue then people started coming back, so that was not a big issue.
- Moderator:** Thank you. We will take the next question from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, the Rs.3,000 crores bid pipeline that you talk about, how many project it consists of?
- P.S. Patel:** Major is five or seven projects.
- Shravan Shah:** So this five or seven would be more than Rs.400 crores or?
- P.S. Patel:** Yes, Rs.350-400 crores.
- Shravan Shah:** All these are in Gujarat or?
- P.S. Patel:** Some of them are in Gujarat and majorly is in Bangalore.
- Shravan Shah:** Mostly this would be from the institution segment and also from the government or are this also consist of the private?
- P.S. Patel:** No, from private sector developers' project for the Bangalore, from Gujarat what I am saying is my institutional projects, I have got this IIM ...
- Shravan Shah:** Sir, this Rs.3,000 crores you said you have already bided, am I right?
- P.S. Patel:** Yes.



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- Shravan Shah:** And the one you are talking about in terms of Ahmedabad the mall and other, that in terms of the amount how much would be that we are likely to bid in this November and December including Gujarat and outside Gujarat?
- P.S. Patel:** Probably there would not be any too much in January and November, new tenders may come somewhere in December or mid-December and that will be somewhere in the range of Rs.500-600 crores if we talk about future projects which may come in Gujarat.
- Shravan Shah:** Sir, coming to SDB, for full year in terms of the revenue in the first half our revenue is around Rs.140 crores and for full year we are targeting Rs.500-540 crores, am I right?
- P.S. Patel:** No sir, we have always said Rs.400-450 crores.
- Shravan Shah:** The next year it would be Rs.800 crores plus?
- P.S. Patel:** Yes.
- Shravan Shah:** Sir, first half we have achieved already 14% EBITDA margin but we are always guiding 12-14% on the conservative side. So do you think we can slightly go above 14%?
- P.S. Patel:** Going beyond 14% will be difficult but at least we always say we are conservative because of this business each quarter you have different, different activities going on, so it may vary from 12% to 14%, I am not saying as of now where we can confirm more than 14%.
- Shravan Shah:** Lastly, on the MRF project, last time we said including GST it was Rs.99 crores, now we said it is Rs.83 crores, so is there any changes?
- P.S. Patel:** No, Rs.83 crores without GST.
- Shravan Shah:** So GST is 18%?
- P.S. Patel:** Yes.
- Shravan Shah:** Is there any change in scope in any of the projects which has happened during the quarter or likely to happen?
- P.S. Patel:** No as of now.
- Moderator:** Thank you. We will take the next question from the line of Nimit Gala from Edelweiss. Please go ahead.
- Nimit Gala:** Sir, just two questions: If you could confirm what was the revenue booked for this quarter for Surat Diamond Bourse? I understand for entire it was Rs.140 crores for H1.





- P.S. Patel:** Rs.56 crores for this quarter.
- Nimit Gala:** If possible, could you mention the three projects which are on LoI right now?
- P.S. Patel:** As of now I cannot mention the projects name. There is one project in Pune and there is one project in Ahmedabad,
- Moderator:** Thank you. We will take the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** What is the top line we are expecting for financial year '18-19 because seven months passed, so Rs.1,050 crores to 1,100 crores?
- P.S. Patel:** Yes, Rs.1,000 crores we will reach by March 2019. First two quarters are always compared to the last two quarters. You can see the history of the company. The first quarter is because of this marriage season and all reasons and in second quarter there is always a monsoon.
- Ravi Naredi:** Because usually first half generally is 40% of total turnover, we have seen in the past also. So we hope it will be close to Rs.1000 crores this financial year, right?
- P.S. Patel:** We expect, but we say that it should reach to Rs.1000 plus crores.
- Ravi Naredi:** Can you tell in next two to three years, how much our complete capacity will be there to discharge the working and to gather the momentum of the company, how much top line we can expect if we are getting because completion is perfect, so definitely we get good projects also?
- P.S. Patel:** We have been always saying that the growth story of the company is always between the range of 30% to 40%, sometimes there is a growth of 50% also, but more and more when you go and expanding, the growth of 30% to 40% is achievable.
- Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Sir, two questions from my end: Firstly, sir, wanted to understand on your margin. We have highlighted earlier 12-13% but now giving 12-14% is a huge range. What is driving margin for us if you can throw some light on that?
- P.S. Patel:** In a construction industry, it is not the manufacturing business and each quarter is having different, different activities going on, so 12% to 14% from your end, yes, it is a big range, but from our end we do not see there is a big range as far as profit is concerned. In general, we can always say that it should be within the range of 12% to 14%, but to specifically speak about the margins, it is really difficult for any construction company.



- Ankita Shah:** Is there any kind of interiors work that you want to attribute to this high margin that has come?
- P.S. Patel:** Presently, we are not having any interior projects and if we did for such type of project in future, yes that can affect our margin.
- Ankita Shah:** So you are trying to say that because of the nature of work that we are doing or at the stage at which the project is currently, that is the reason why the margins are higher?
- P.S. Patel:** Margins are different, different in different stages.
- Ankita Shah:** So basically on the current stage of the project that it is, that is the reason why margins are higher, probably it can normalize over the course of the time?
- P.S. Patel:** Yes.
- Ravi Naredi:** Secondly sir, what is the current monthly run rate going on, on SDB?
- P.S. Patel:** Presently, the last month we had revenue of about Rs.36 crores, before that it was 22 or 23, so on an average it is within the range of 25 to 30.
- Ankita Shah:** At what stage, I mean, we have three, four floors above...?
- P.S. Patel:** We have reached second floor in five towers and almost all the towers in the basements are over, some of the podiums are going on and there is a huge labor force now, 2,500 working there, we have actually reached to the speed what we have thought of because once we are out of the foundation, it goes on a very fast pace, so we are confident that it will be given on time.
- Moderator:** Thank you. The next question is from the line of Ritesh Bhagavati from Rockstar Capital. Please go ahead.
- Ritesh Bhagavati:** I have one financial question that I wanted to know. So like for example our fixed assets turnover is pretty high like almost 11x. So are we like at the peak of sweating our assets? Do we need any CAPEX in future to fuel our future revenues given the fact that we will be handling much more larger projects after our Surat Diamond Bourse?
- P.S. Patel:** Regarding the CAPEX, say there is an infusion of 3 to 4% fresh CAPEX for each and every project. So depending on the availability within the company, we have to think about the CAPEX. As and when the projects are over and if you get the projects on the right time then CAPEX may be less. There are few projects which are going continuously and some of the projects getting completed. I have been always saying that it should be within the range of 3% to 4% infusion of new CAPEX for each and every new project.



- Moderator:** Thank you. The next question is from the line of Trupti A from White Oak Capital. Please go ahead.
- Trupti P:** I just have two questions: I think I just missed this point on the revenue of the Diamond Bourse. You said that the revenue that would be recognized in these three years which is financial year '19. If I am not mistaken, did you say Rs.400 crores for this year, Rs.800 crores for the next year and balance in 2021?
- P.S. Patel:** Yeah.
- Trupti P:** Second sir, at as 30<sup>th</sup> September I just wanted to know what is the working capital in terms of number of like receivable and inventory, debtors and receivable?
- Hetal Patel:** Debtors what is shown in the balance sheet is mainly for 45 days to 60 days and creditors terms also 50 days to 60 days what we are maintaining since past few years. This 30<sup>th</sup> September debtors include mostly the turnover of August and September because most of the execution was done in the month of September only. Inventory, compared to previous years it has increased to some extent because of this SDB project, we need to keep sufficient stock because of stage of execution is such wherein material is required in time, so that has increased compared to previous...
- Trupti P:** That would be how many days?
- Hetal Patel:** Around 15-days.
- Trupti P:** Actually the debtors have improved from the past like I think the average was 58-days in '18?
- Hetal Patel:** You cannot check the numbers on a particular date, range is basically broadly 45 to 55-days.
- Trupti P:** Previous question somebody asked on the fixed assets turnover. So while I understand that you typically invest 3% of the project value. Internally what are the turnover ratios that you are generally comfortable with, what is the average that you look at the fixed assets turn?
- Hetal Patel:** Turnover will be like 8 to 10x.
- Moderator:** Thank you. The next question is from the line of Chintan Sheth from Samiksha Capital. Please go ahead.
- Chintan Sheth:** Ma'am, the payable days has declined from March level if we compare in terms of number of days from 61 to 53, broadly in the range you are guiding us but how do we look at full year...?
- Hetal Patel:** Last quarter is a busy quarter and if you look at this quarter July or August, obviously, the material will be required less compared to those quarters, so that number has gone down.



- Chintan Sheth:** Basically related to execution because the pace of execution...?
- Hetal Patel:** Exactly.
- Chintan Sheth:** Ma'am, on the balance sheet if I look at your other financial assets of non-current and current, there is a movement in between from current to non-current March to September, broadly the number is same, but what are the key components over here from Rs.16 crores in March has increased to close to Rs.47 crores where the non-current has declined from Rs.55 crores to around Rs.30 crores?
- Hetal Patel:** It includes the fixed deposit also, to some extent that amount which is not current that we are putting in a noncurrent financial assets, that is also the reason.
- Chintan Sheth:** So fixed deposits will be part of other financial assets as well?
- Hetal Patel:** Yes, retention also will be there to some extent.
- Chintan Sheth:** We do not face any working capital stress as such because...
- Hetal Patel:** Not currently. Whatever requirement was that we have met by disposing of the investment, we were having stress portfolio till this quarter, so that was around Rs.15 crores... it has grown up from Rs.11 to 15 crores, so that we have disposed on and used for a working capital as well as fixed asset requirement for this current financial year.
- Chintan Sheth:** CAPEX guidance for full year? You spent around Rs.30-32 crores?
- Hetal Patel:** Rs.32 crores we have spent.
- Chintan Sheth:** How much for the full year this would be broadly – Rs.50-odd crores?
- Hetal Patel:** May be further Rs.20 crores will be in that.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, in terms of the bank guarantee limit, last time we said around Rs.410 crores. So it is the same one or have we increased it?
- P.S. Patel:** It is presently the same one, but we have already initiated talking to the consortium, so we had one consortium and additional Rs.200 crores we are trying.
- Shravan Shah:** So you are trying for Rs.610 crores total?



- P.S. Patel:** Yes.
- Shravan Shah:** This is mainly because we are likely to see more orders coming in and for that we need bank guarantee?
- P.S. Patel:** More orders are coming in and also that we are bidding also, so we need to have that bank guarantee ready as and when we get the order, so it is for the future planning, so maybe next year it will be utilized, but we have to initiate now.
- Shravan Shah:** In terms of the debt level, it will remain in the same range what we currently have?
- P.S. Patel:** Yes.
- Shravan Shah:** Sir, you talk about initially the L1. That is for three projects or it is for six projects that we are L1?
- P.S. Patel:** No, there are a few projects which we have already concluded and it is not based on the number, there are two large projects and then there are three or four small projects.
- Shravan Shah:** So two are large projects, one is in Pune, one is in Ahmedabad and three to four small projects where most likely we are the lowest one and likely to declare in maybe a couple of days.
- P.S. Patel:** We are expecting that work order LoI maximum after diwali.
- Shravan Shah:** Sir, if I remove the SDBs, in terms of the execution period, how much is execution period for this Rs.1,200 crores order book?
- P.S. Patel:** Rs.1,200 crores, again it is major projects which we have received from Zydus, all projects are getting completed in 18-months.
- Shravan Shah:** Apart from Zydus, it is 18-months that is the execution period?
- P.S. Patel:** Yes.
- Moderator:** The next question is from the line of Prem T from Unilazer Investments. Please go ahead.
- Prem T:** Hi, ma'am. Just a couple of questions on the P&L and balance sheet. On the depreciation part, our depreciation has increased a lot in the last two quarters. Is it due to drastic rise in gross block or has there been any change in depreciation policy?
- Hetal Patel:** I have already mentioned the reason, there are two reasons in my brief speech like we have added a plant and machinery to the extent of around Rs.32 crores and secondly, we have revisited the useful life of certain assets, so wherein we could get that some of the assets which



we showing on a higher useful life has been reduced, so to that extent the depreciation expense has been increased.

**Prem T:** Ma'am, on the balance sheet, just wanted a breakup of two to three balance sheet items. To start off with other current liabilities, how much is the mobilization advance in it?

**Hetal Patel:** It shows the increase compared to previous year is mainly due to increase in advance from customers.

**Prem T:** Advance from customer I think was around Rs.7 crores in FY18?

**Hetal Patel:** It includes some of the portion of mobilization advance also and even material advance also, like SDB project is such a project which is giving material advance, wherever required, we are getting material advance of steel and cement, so that is also included in assets and liabilities.

**Prem T:** Would it be possible for you to share the mobilization advance numbers?

**Hetal Patel:** Currently, I am not having in front of me, but we will definitely share.

**Prem T:** Can you share the retention money both long-term and short-term?

**Hetal Patel:** Total retention money is around Rs.47 crores which is not recoverable within one year that we are showing in other noncurrent financial asset and the one which is recoverable within one year that we are showing in current financial asset and which are already due, so that is shown under the head of trade receivable, so that amount is around Rs.4 to 5 crores which is already due.

**Prem T:** So in trade receivable you have Rs.4 to Rs.5 crores and the long term and short term retention money is around Rs.47 crores?

**Hetal Patel:** No, that includes this Rs.4 crores, that is in total.

**Prem T:** Just the last question on the cash and bank balance. We have around Rs.210 crores of cash. So we use a lot of this cash to have a pledge against OD, margin money and security deposit. So I just want what is the residual cash number excluding all the FDs that we would...?

**Hetal Patel:** We will brief about that bifurcation; around Rs.67 crores of three FDs are lying with us without any lien against it and most of the FDs are given security against SBUs, so that is around Rs.80 crores and against bank guarantee we have given around Rs.61 crores of FD.

**Moderator:** Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.



- Kirti Jain:** Sir, for next year any large project are we envisaging on the pipeline sir for FY'20 in terms of the order flow pipeline?
- P.S. Patel:** Presently, we are not having any large project which is in pipeline or we are bidding for. Most of the projects which we are bidding in the range of Rs.300 to 400 crores as of now.
- Kirti Jain:** For next year what sort of order flow pipeline we can expect sir?
- P.S. Patel:** For next year, it is again based on the revenue, next year we will be targeting about Rs.1,200 to 1300 crores inflow, this year we are expecting Rs.1,000 crores which we will reach 100%.
- Kirti Jain:** So from FY21, like we should expect bigger flow right sir once this...?
- P.S. Patel:** After the completion of this SDB in June 2020, our prequalifying criteria throughout the sector, whether it is government or whether it is private, it will go up to a level of Rs.2,500 crores single order. So presently as far as government projects are concerned, our qualifying criteria based on the requirement from government side is not going beyond Rs.500 crores. So private sector again they have prequalifying criteria, but as far as government is concerned after completion in June 2020 of Diamond Bourse our PQ criteria will go up to Rs.2,500 crores.
- Kirti Jain:** Any areas will we look sir... we will look at residential projects sir?
- P.S. Patel:** No, we are not targeting on residential or any specific projects, we will be more focused on again institutional and for this industrial projects. So any projects in residence if we are getting from a good client we will always target.
- Moderator:** Thank you. We will take the next question from the line of Kunal Bhandari from HDFC Securities. Please go ahead.
- Kunal Bhandari:** Sir, just wanted to confirm, last quarter your debt was around Rs.40 crores. so is it at a similar level this time or has it increased slightly?
- Hetal Patel:** This mainly includes the utilization of FD OD which we are already having FD against it. So in a normal course it is between 20, 30 to 40 crores, it will not increase than that, so even currently also within the range.
- Kunal Bhandari:** So it is currently also it would be Rs.40 crores as on September end?
- Hetal Patel:** As on September end, it is already mentioned in the balance sheet, so borrowing what we are showing so that is the Rs.22 crores.
- Kunal Bhandari:** Anything in current maturity because that breakup is not given separately?



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- Hetal Patel:** There is not significant term loan or like that, only total Rs.2 to 3 crores of term loan in totality, but the borrowing which is shown in currently liability that is purely FD OD which we are utilizing against our OD facility. We have CC limit, but that is not being utilized.
- Moderator:** Thank you. The next question is from the line of Parag Parikh from Prudent Broking Services. Please go ahead.
- Parag Parikh:** Sir, according to the BSE filing, beginning October, you have bought in around 50,000 equity shares in the company. So I wanted to know what are the factors which are making you so bullish about the company's performance going ahead, just a broad idea about it?
- P.S. Patel:** What I am doing is I am doing on the right track, so bullish subject not coming, it is just the feeling which I have and the things which I have confidence in my company and my work.
- Parag Parikh:** In some of the earnings concall sir, Larsen & Toubro stated that the revival in private CAPEX has been slow. So basically if you can throw some color on the ordering activity, has there been any slowdown?
- P.S. Patel:** Presently, I do not see any slowdown in this pipeline projects because our tendering process and our bidding pipeline is always going up and up, I do not see there is any problem in that as of now.
- Moderator:** Thank you. The next question is from the line of Trupti A from White Oak Capital. Please go ahead.
- Trupti A:** I actually just wanted some clarification on the total top line number like somebody had asked earlier that what is the top line we are looking at for FY19 and you said it should be around Rs.1,000 crores, we should be able to touch Rs.1,000 crores. I just wanted to understand and just get your clarification here, we have done Rs.440 crores in the first half and of that Rs.56 crores for Diamond Bourse in Q2 and about Rs.35 crores in Q1, is that right, like what is the revenue that we recognize in the Diamond Bourse in the entire first half?
- P.S. Patel:** We already said that it will be somewhere in the range of Rs.400 to 450 crores.
- Trupti A:** Yes sir, total Rs.400 crores for the year, but in the first half my guess is that we have done about Rs.90 crores we have recognized in this project. So out of the Rs.440 crores that we have recognized in this year if I remove the Diamond Bourse then about roughly Rs.300 to 350 is from the other projects, right? So what I just want to know is that the Rs.1200 crores outstanding order book that we have on September which is other than the Diamond Bourse you said that you could say about 18-months is the execution period for this, right, so in this year out of that Rs.1200 crores if I just a simple like Rs.1200 by 18-months so this year we can recognize about Rs.400 crores from this order book, Rs.400 crores from the SDB and roughly





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Rs.350 crores from the opening order book, is this understanding right so that gives me a top line of about Rs.1150 crores, just wanted a clarification, is this correct math that I am doing?

**P.S. Patel:** We stay always conservative because there are some ifs and buts in some of the times in the project, so it is not necessary exactly goes on pro-rata basis, but still your calculation is good.

**Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**P.S. Patel:** Thank you very much everybody and Wish You Very Happy Diwali and Happy New Year in advance.

**Hetal Patel:** Thanks to everyone. Wish You Happy Diwali.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Ambit Capital, that concludes this conference. Thank you for joining us and you may now disconnect your line.