



## “PSP Projects Limited Q2 FY-21 Earnings Conference Call”

**November 09, 2020**



**MANAGEMENT:** **MR. P.S. PATEL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PSP PROJECTS LIMITED**  
**MS. HETAL PATEL - CHIEF FINANCIAL OFFICER – PSP PROJECTS LIMITED**

**MODERATOR:** **MR. SURAJ SONULKAR - ASIAN MARKETS SECURITIES PRIVATE LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to PSP Projects Limited Q2 FY21 Earnings Conference Call hosted by Asian Markets Securities Private Limited. As a reminder, all participant lines will be in 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. Suraj Sonulkar from Asian Markets Securities. Thank you and over to you, sir.

**Suraj:** Thank you Neerav. Good afternoon everyone. On behalf of Asian Markets Securities we welcome you all to the Q2 FY21 Earnings Conference Call of PSP Projects Limited. We have with us today Mr. P.S. Patel, Chairman and Managing Director of the Company. Ms. Hetal Patel, CFO of the company. Now, I would like to hand it over to Mr. Patel for their opening remarks, and then we can proceed to the Q&A session. Over to you sir.

**P.S. Patel:** Good Evening Ladies & Gentlemen, this is P.S. Patel, Chairman, Managing Director & CEO of PSP Projects Ltd along with Mrs Hetal Patel (CFO), welcomes you all to this Earnings Conference Call which is focusing on our company’s performance in Q2 FY 2021.

Hope you all are fine and safe at your place! Before we move to the financial statistics of last quarter by Ms Hetal Patel, I would like to throw light on few of the updates & developments of this quarter –

To start with, I am glad to share that in the second consecutive year PSP Projects is awarded as “Second Fastest Growing Construction Company” (in Below 2000 Cr Category) & also 3rd year in a row company is felicitated as “India's Top Challengers of 2019-20” during Construction World Global Awards 2020 held on 16th Oct 2020. After the challenges like Lockdown, Workers’ Migrations & all in the first quarter, we are happy to share that quarter two of unlock has been significantly improved for the industry and the remobilization of the workers have reached to 95% by August End which was almost 50% till July. Work on all the projects are going on smoothly Except two projects which are EWS Housing Project at Bhiwandi & Swaminarayan Sabha Hall Project in Ahmedabad.

The projects are following COVID Guidelines as per the respective local authority, however the new normal working methods & social distancing guidelines etc. are impacting productivity level significantly that’s the new challenge construction industry is facing. With this company has Booked revenue from operations Rs. 243.09 Cr in Q2 which 22% less if we compare Y-o-Y basis but looking at the current situation we believe that this number is good to start with after lockdowns on Q-Q basis and this will improve further in following quarter. Company has bagged orders of Rs. 92.17 Cr in Q2FY21 and Rs. 107.58 Cr in ongoing quarter which sums up to the total order win in FY21 to Rs. 216.48 Cr till date. We have successfully completed 5 projects in FY21 for our repeat clients like CEPT University, BAMUL, PDPU & DDU. With this total projects completed by PSP has reached to 147. By end of the Q2, company stands with robust



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order book of Rs. 2776 Cr. including 47 Projects and Also company has bid book of Rs. 3,000 Cr at various stages.

Bid Book includes Government University PQ – 800 Cr, Government Plaza Development – 463 Cr, Private Developer Commercial in Bangalore – 250 Cr, Institute Project in Mumbai – 130 Cr, Logistic Park Project – 350 Cr, IT Company – 850 Cr, we are hopeful to see some conversion by end of this quarter. So these were the key highlights from my side, for detail financial disclosures, I will request our CFO Ms Hetal Patel to take it forward. Thank you everyone to be part of this call. Take care and stay safe and wish you all the very Happy Diwali and the New Year in advance. Ms. Hetal Patel.

**Hetal Patel:**

Thank you sir. Good evening everyone and welcome you on the call. Let me first give you highlights on the standalone financial results for the quarter ended on 30th September 2020. Operations during the quarter continued to be impacted by majors to contain COVID-19 pandemic, execution of projects gathered momentum though recovery has been gradual and progressive. Accordingly, the results for the quarter are not comparable with those for the previous quarter and corresponding quarter of the previous year. Company has booked revenue from operations of Rs.243.08 crores for quarter two. The revenue generated from Surat projects was Rs.65 crores during this quarter, and total revenue booked for Surat project till 30th September 20 is Rs.1068 crore. Company has booked EBITDA of Rs.24.52 crores which is 10.09% of the revenue from operations. Company has spent around 2.5 crores for reverse migration of labor and COVID-19 related measures.

Net profit including other comprehensive income was recorded at 14.37 crore for the quarter, which is 5.80% of the revenue from operations. The addition in assets during the quarter was 32 crores which include 20 crores for land acquisition for the proposed precast plant. During the quarter we have also incurred expenses of around 6 crores for precast plant which is shown as capital WIP in the balance sheet. If we look at the working capital days, debtor days are 72, creditor days are 68 and inventory days are 35 for the quarter. As a significant portion of the second quarter revenue was booked in September, the overall working capital days are stretched. If we review the consolidated numbers, the group has booked net profit of 14.01 crores for the quarter, which includes loss incurred on the sale of second unit of a residential property by the US entity.

As on 30 September 2020, the company has total fixed deposits of 199 crores out of which free deposits of Rs. 43 crores, FDs worth Rs.149 crores are underline with banks for credit facilities and actually given to clients as security deposit amounts to Rs.7 crore. Work on hand as on 30th September 2020 is Rs.2776 which comprises of Rs.507 crores for Surat Diamond Bourse projects and Rs.2268 crores for other projects. With this I end up giving key highlights of the company's financial performance and now we are open for question answer session. So, request the moderator to take it forward. Thank you.



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**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from line of Shravan Shah from Dolat Capital Market. Please go ahead.

**Shravan Shah:** Sir firstly, if I look at the SDB revenue of 65, 66 crores, and if I just look at the first quarter revenue of 45, 46 crore so, that is first quarter revenue is mostly April was a lockdown so May and June so two months revenue was there, even if I multiply that monthly revenue for this quarter and also at the same time, now, we are having a much, much better labor. So, in the first quarter we were having 20%, 25% and now (+80%) kind of a labor must be there and then also the SDB revenue should be at 69 crore and also at the same time we are doing a high margin interior works. So first trying to understand why so much less revenue and what is the revenue that we have done in October in SDB and at the same time the remaining 507 crore order can we now expect a 60 crore kind of monthly revenue which we were earlier used to plan before the COVID, so that's the first thing I wanted to know.

**P.S. Patel:** Shravan the revenue from Surat Diamond Bourse August was 42 crore and then September was, his last month bill was about 54 crore. So, this is in October so, September was 42 and 32 so total he is saying is 69. So, you mean to ask me a question that why is the revenue in first quarter was 45 and why is the revenue in second quarter is only 69, how you are comparing just in terms of labor?

**Shravan Shah:** No, so I am saying the second quarter revenue is 66 crore, and first quarter revenue was 45, 46 crore where we were having a much, much less labor and now we are doing more of interior work. So, this quarter, third quarter revenue with a higher labor it should have been much higher, at least 35, 40 crore monthly run that should be there. So, that's what I wanted to understand and how now we are looking as you are saying that October monthly run rate is 54 crore. So, if that is the case then we can expect a 60 crore kind of a monthly run rate going forward?

**P.S. Patel:** Okay, so that means what you are trying to make me understand is that number of labors in the first quarter was so less you have generated revenue of 42 crore, and in the second quarter the labors have resumed but the revenue is only 69 crore. See, July and August, I always say July was 40% to 50% stand of the people were there and in August end we could reach to 90%. So even if you really compare this quarter it's 1.5-month revenue. It's not three month revenue what you're trying to make me understand. So, the resuming of labor in July end till August end has almost given us revenue of total 1.5 month as an average of the whole quarter. So, then I you see the two months revenue last month also we have revenue of 54 crore before that it was 42 and before that, that was maybe about 30 crore. So, actually the revenue has increased substantially and the labor spend has regained just at the end of the August. So practically we have got one more pool that is September.

**Shravan Shah:** Okay. So now, we can expect at least a 60 crore kind of a monthly run rate from November?

**P.S. Patel:** Yes, 55 to 60 crore.



- Shravan Shah:** Okay. And now, if I come back to the broader numbers. So, now how we look at in terms of the third and fourth quarter, I understand we haven't given the guidance last quarter, but now things are much, much clear. So, how do we look at the third and fourth quarter can in mind together because if we kicked up STB revenue 60 crore into 355 crore revenue should be there from STB. So, in totality can we see a 900, 1,000 crore kind of a revenue in the second half.
- P.S. Patel:** So, in total I was saying that we would try to reach to near to the flag, if we consider 12 to 13 crore at the end of this year, we will be absolutely will reach to that level.
- Shravan Shah:** Okay. And secondly on **(Inaudible) 13.23**, where we are coming back to the normal level 10%. So, from third quarter onwards can we come back to the 13% kind of a normal level of EBITDA margins?
- P.S. Patel:** See that again depends on what type of activity is going on and what level of revenue is considered in that quarter I cannot assure you but the percentage we always said will be in the range of 11 and 13.
- Shravan Shah:** Okay. And on the inflow fund that's where we are missing because our GIDC L1 also got cancelled and now we have received a 216 crore inflow till now and at the same time what is the status of the central list of pre-qualification, when can we expect the orders to come and how are the tender sizes there and because normally we use to get 14 or 1500 crore kind of yearly inflow, but in seven months we haven't actually done so because that is going to affect our FY22 revenue, that's what I was trying to understand.
- P.S. Patel:** There is an inflow of order we always say that we are still trying to be more selective We are not trying to jump into any type of order. And as already declared that there is a pipeline bid book, there is a pipeline of work about 2000 crore work. So even if we are targeting for one or two work of one is 850 and one is 450 it is more than 1300 so we reach to what is our expectation for the whole year. So we should not be worried about because of the six month gone we are having only order worth Rs.240 crore that is taking in a negative impression about the company that we are not going to win any orders from here on. We have already declared you the bill book of about 2000 crore where in there are two large projects of more than 800 crore.
- Shravan Shah:** Sir which are these two projects in the pipeline that we are saying 2000 crore?
- P.S. Patel:** When I talk about the bid book I have already said government university of 800 crore, government plaza development of 463 crore, private developer commercial building in Bangalore is 250 crore, one institutional project in Mumbai 130 crore, logistic park in Mumbai 350 crore and one IT company tender of 850 crores. These are all tenders still live and it is at one or the other stage.
- Moderator:** Thank you very much. Next question is from line of Chintan Sheth from Sameeksha Capital. Please go ahead.



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- Chintan Sheth:** If I look at your slow moving projects in Bhiwandi and Sabha Hall, any indication when we can expect them to start contributing our revenue that is one, second is on the balance sheet side when we see the other current liabilities has declined sharply from 191 to 97 crore primarily one reason I can see is because of lower influence of orders there was lower customer advance, any other particular reason for sharp drop in other current liabilities that is second. And third if you can elaborate on the last book in Sabha Hall project. Thank you.
- P.S. Patel:** I think you've asked a question about when will the revenue starts from our Bhiwandi project am I right?
- Chintan Sheth:** Bhiwandi and Sabha Hall, yes any indication when we can start those projects?
- P.S. Patel:** Bhiwandi project as I said that it is still in the process of approvals and all that we had a meeting again last week with the commissioner who probably now lined up everything. So if we can see that now the commissioner and even the state government is also serious to start this project as fast as possible. Some of the formalities related to RERA are pending so probably I am hopeful that you should start somewhere after Diwali.
- Chintan Sheth:** After Diwali okay sure. And Sabha Hall order it will take time or expect in next quarter, we can expect them to start?
- P.S. Patel:** So, Sabha Hall and Swami Narayan Mandir still it in, we are not knowing anything about the project still the meeting has to be done from client side, so we can't answer as of now that when it will start. We are going to have a meeting with them whether they are going ahead with that project or they are putting that project on hold, still we are not sure.
- Chintan Sheth:** Sure and on the other two queries ahead?
- Hetal Patel:** Chintan, I'll answer regarding this question of changes in other current liabilities. See, that consist of mainly mobilization from customers so that has reduced from 114 crore to 70 crore so that is the major reason and even it includes advances from customer so it has reduced from 64 to 22 crore. So, because of that there is a reduction in other current liability.
- Chintan Sheth:** This is basically the executed orders and that is the reason where debt portion of the execution gets reduced in our advance and mobilization?
- Hetal Patel:** Yes, mainly you can say we have Kashi also is the project in which we have received mobilization advance so did an execution of Kashi as well as Surat Diamond Bourse set amount as received.
- Chintan Sheth:** Sure. And lastly on the **(Inaudible) 19:22**, you mentioned something the blocked for the second unit. So, what is that and we noticed from the cash clause that we recovered some 3 crore from the subsidiary this first half. So, if you can update us on that US subsidiary front?



- Hetal Patel:** Yes, regarding the loss of those two units the first unit was sold during first quarter and second is sold during this current quarter and the cumulative loss was around 2 crore and that we have already booked. And we have made some impairment provision also in the standalone financials regarding this requirement in the loan and advances through the INC company.
- Chintan Sheth:** How much we have impaired?
- Hetal Patel:** We have impaired around 70 lakhs and further two times we will be impairing so in next two quarters. So, that will conclude all loss incurred in the INC.
- Chintan Sheth:** And how are they booking only the share of associate will reflect this right?
- Hetal Patel:** Yes that will be share of associate only, profit will be only share of associate. And regarding cash flow from subsidiary company that amount we have received from INC Company.
- Chintan Sheth:** Okay, 3 crore we have received. What is outstanding now?
- Hetal Patel:** Now it is 25 crore.
- Chintan Sheth:** Any further investments, any further loans we are planning to provide to the subsidiary because of the upcoming our new project larger ones?
- Hetal Patel:** No, in near future we might not be needing because that other project is still under approval stage.
- Moderator:** Thank you very much. Next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Few bookkeeping questions from my side. So what would be the gross debt number, the unbilled revenue retention and outstanding mobilization advance as on September?
- Hetal Patel:** Sorry first number you asked for unbilled revenue right?
- Jiten Rushi:** Unbilled revenue, gross debt, mobilization advance and retention money outstanding as on September quarter alone?
- Hetal Patel:** Gross debt mainly consist of our short term borrowing so that is in front of the balance sheet only that is around 114 crore.
- Jiten Rushi:** And your current maturity ma'am?
- Hetal Patel:** Current maturity will be not as much, sorry it is 110 crore, current maturity overall all long term debt is around 4 crore so that is click between other current liabilities and long term borrowing.



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**Jiten Rushi:** So, that is total 114 crore okay. Unbilled revenue and mobilization advances?

**Hetal Patel:** Unbilled revenue is 95 crore and retention is 70 crores.

**Jiten Rushi:** And mobilization advance you said is what 70 crore right?

**Hetal Patel:** Yes, that is 70 crore it has reduced from 114 to 70 crore.

**Jiten Rushi:** 104 to 70 crore right?

**Hetal Patel:** 114 it was in March and as on 30th September it is 70 crore.

**Jiten Rushi:** And ma'am on the bank limit, so what is a bank limit fund based, non-fund base and utilization levels?

**Hetal Patel:** See in overall limit we have 610 crore of limit and as on 30 September outstanding limit is 172 crore, which we can utilize.

**Jiten Rushi:** Any breakup, what is the non-fund limit if you can give if it is possible?

**Hetal Patel:** Non-fund mostly we are utilizing is around 100 crores.

**Jiten Rushi:** And ma'am on the guidance part for the CAPEX, so obviously we have done some 30 crore plus CAPEX in the first half. So how much CAPEX we are expecting in the balance period and FY22 if possible?

**Hetal Patel:** See returning precast plant as we already know that we will be incurring around 75 to 80 crores so that may last up to next May, May or June 21. And so, that can be split during that and there won't be other much requirement of routing machineries and all, we can say 5 crore can be the addition.

**Jiten Rushi:** Okay. So, out of the 75, 80 crore we have already done 26 crore CAPEX, right so far. So, probably 50 crores additional we might do this year, and then probably balance in next year for that precast plant.

**Hetal Patel:** Right.

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

**Jiten Rushi:** And sir in terms of that IT Park you're talking about that is the Head Office, which we were talking about. You are still in the presentations stage or the bids are likely to open soon like?





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- P.S. Patel:** That is in the discussion stage and the bids will not open first they are clearing about the technical parameters with the company. So we and Prestige have bided this project jointly, discussions are going on, the presentations are going at that level.
- Jiten Rushi:** Okay. And sir on the logistic park project also has been there for quite sometime now. So, any outstanding bids which we said of around 2000 crore, so any bids which are likely to open this month where we can see some traction in terms of order inflow?
- P.S. Patel:** These are two universities, which is government university **(Inaudible) 25:11** which is 800 crore we have already six companies have bided for that so probably by end of this month they will declare who are the qualified contractors and probably by December end we should be able to know all about the project. And the government plaza development which is also one of the project which is I think 11th December is the last date.
- Jiten Rushi:** That is for how much, 250 crore?
- P.S. Patel:** That is about 453 crore. Yes, so that is also 18th December is the bidding date, so the pre-qualification and the bid is there, the two bids. Probably by end of December both these projects we should be able to know something about that.
- Jiten Rushi:** Location are which state these two projects sir?
- P.S. Patel:** Government university is in Baroda and government plaza development is in Delhi.
- Jiten Rushi:** Delhi, okay. And sir sorry one last question the order inflow which you said so we had won one rehab project financial 80 crore and then recently only the commercial building project in Ahmedabad of around 119 crore, so 200 crore is the total order inflow so far right sir, revenue there is a change in the order value sir you said 216 so I was just asking if there is any change in the order value?
- P.S. Patel:** No, it is 216 is right.
- Moderator:** Thank you very much. Next question is from the line of Aditya Choksey an Individual Investor. Please go ahead.
- Aditya Choksey:** Sir my question is, when can we expect the SBD project to be completed, can we expect by the March end and the rest of my question is already answered.
- P.S. Patel:** So, March still we are not able to confirm that it will be completed 100% by March end but probably the commissioning stage has start somewhere in the month of January, February and (+90%) should be completed by March and probably the whole of the project work should take further one or two months so probably by April or May you can expect that project to complete.



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**Aditya Choksey:** Right sir. And just one more question, projection for FY21 as you said that it would be somewhere close to 1300 crores, so can we expect to match for the same as FY20 the revenues?

**P.S. Patel:** Can I expect what?

**Aditya Choksey:** The revenues to be the same as FY20 or 1300 crores is the max that we can expect sir?

**P.S. Patel:** Next year you are saying?

**Aditya Choksey:** I am taking about the current financial year. So, for the last financial year, we have done 1500 revenues. So can we expect the revenues in the same line sir?

**P.S. Patel:** We have already said we will try to reach to flat but it will be somewhere in the range of near to our Abu Dhabi **(Inaudible) 28.07** numbers.

**Moderator:** Thank you very much. Next question is from line of Ravi Naredi from Naredi Investments. Please go ahead.

**Ravi Naredi:** I joined little bit later. So, just want to ask, Surat Diamond project when it will complete?

**P.S. Patel:** Surat Diamond project as I said that it is our target to complete somewhere in the month of June we are expecting major revenue to be complete by March 21. But the final handover and some final commissioning that portion will go up in April and May, but 95% project I am expecting to get completed by March.

**Ravi Naredi:** Okay. Because we are doing internal work, but in this quarter, we have booked only 65 crores. So, any reason so low work we have done?

**P.S. Patel:** Actually, that revenue we can consider as a revenue 1.5 month it cannot be considered for three months. July we were rejoining labor to 40% to 50%, August we reached to 90% and probably September is the only month which where-in we met the revenue with full force, with full people and everything streamlined. So, that is the reason.

**Ravi Naredi:** And now it is going on full fledge?

**P.S. Patel:** Yes, October month we have booked very good revenue so it is going on.

**Moderator:** Thank you very much. Next question is from the line of Rachit R Kamath from Anand Rathi Share & Stock Brokers. Please go ahead.

**Rachit R Kamath:** Sir my first question was pertaining to payments and collections from client regarding the private as well as the government sector. So what has been the experience till now, like how it was before in Q1 and now as the situation has improved so any comments on that one?



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- P.S. Patel:** Payments are mostly now streamlined there is no issue related to payments from either private side or government side.
- Rachit R Kamath:** So solving timely you are receiving service management right?
- P.S. Patel:** Yes, it is within the range of 30 to 45 days what we usually faced and what we usually say.
- Rachit R Kamath:** Okay, sure sir. And sir my second question pertains that ma'am has said that we have the loans and exposure advances to the foreign subsidy was somewhere around 25 crores and you've done a 70 lakh impairment and we are planning to do two more impairment. So, just wanted to understand what will be the cumulative impairment that we're looking at the project?
- P.S. Patel:** Hetal already said that the cumulative impairment will be in the range of 2 crore, the **(Inaudible) 31:19** currently has been done and next two quarters 70, 72 will be done.
- Rachit R Kamath:** Okay, sure. Sir apart from any risk buildings and buildings logistics and IT Park are we looking at any other kind of segmental diversification right now or are we just going to continue with the building segment for now?
- P.S. Patel:** As we are focused on building and we will try to remain in building.
- Rachit R Kamath:** No, sir so when I say building, I was talking about something like Metro sheds or metro station development something like that?
- P.S. Patel:** So, when PSP reach to that pre-qualifying criteria of more than 2000 crore we can go for such types of buildings like airports and metro railway stations and all that, but not into infrastructure where we do not qualify because of the experience of wireless and railway track.
- Rachit R Kamath:** Okay. So, we are open to airports and railway station development can be, but not.
- P.S. Patel:** Airport is a large building complex so which is over first in the **(Inaudible) 32:18** only. So, that is the reason that presently are able to qualify up to 600 to 700 crore so probably when we complete Surat Diamond Bourse we will be in the range to complete up to 2000 crore criteria. In that we will be able to bid for 1000 crore plus project which usually contain airport.
- Rachit R Kamath:** Actually my second question was somewhere around that thing, once we finish off by firstly March so that is the reason why we were able to qualify for the central digital project that came out in the first half of parliament building was, because they didn't accept that the Surat Diamond was still under completion project. So if we complete our project by March end after that our pre qualifications will be automatically enhanced, is my understanding correct sir?
- P.S. Patel:** See the Central Vista project is the project of 13,000 to 14,000 crore, so it will come in different, different sizes. First project bid which came was about 923 crore estimated and they will share



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the qualifying criteria from PSP side shortfall at the same time they didn't consider Surat Diamond Bourse as it was on going, but till the 600, 700 crore I think we would be able to qualify without Surat Diamond Bourse also so in that case if the bid is less than 700 or something like those figures, probably we would be able to participate. Without associating Surat Diamond Bourse as a project.

**Rachit R Kamath:** Okay. But then after Surat Diamond Bourse completion what could be our enhanced contribution limits?

**P.S. Patel:** It will be all +2000 crore.

**Moderator:** Thank you very much. Next question is from the line of Alok Deora from Yes Securities Limited. Please go ahead.

**Alok Deora:** Sir, just a couple of questions. One is that around this Bhiwandi project and that Sabha Hall project is slow moving. So if we exclude this project so your order book is somewhere around 2000 crore and we are doing a top line as in on a run rate basis around 12, 1300 crores which is around 1.5 times order book to sales. So how do you think, how critical is it to get new orders quickly now because even if we back some new project, it will take some time to start. So just wanted your view on that?

**P.S. Patel:** The first half we should not consider this whole year has gone away it is 6.1 and out of that three months is because of the COVID. Even if we consider these three months have gone from this whole year and probably getting the large size order itself would be **(Inaudible) 35:05** our bid book requirement is not more than 1500 crore, inflow off order which we always expect it should be minimum to match our revenues what we expect next year, so if I expect 1500 then I feel pretty confident that we will be able to reach to that bid book by the end of March quarter.

**Alok Deora:** Yes, but wanted to know if the bid book order, even if you get in say one project you are taking about getting in December or January so it will take some time to get it started, right. Just wanted your view on that?

**P.S. Patel:** Presently we are having sufficient order book for the revenue of this year. So, even if we are getting an order in December or January that order we require for the next year. We don't require any new orders inflow to reach to our March 2021 revenue which we are expecting this year. We are having sufficient orders on hand which can convert the expected revenue for March 20.

**Alok Deora:** Sure sir. And just one more thing, you mentioned about this EBITDA moving to or EBITDA guidance of around 11% to 13%. So, in the third and fourth quarter we can expect margins somewhere close to around that number of 12%, 13%?

**P.S. Patel:** Yes, we can expect it.



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- Moderator:** Thank you very much. Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir this US project 24 crore, 25 crores of advances. So, over how much period of time we are expecting the subsidies to pay it back to us?
- P.S. Patel:** Parikshit this question I have been answering for 1.5 years, but again I will answer you sorry to put in a reamer mode. But as I said this is only last project of **(Inaudible) 37:11** is left out now. And we are waiting for the approval from the city so probably that we are expecting to get by December and then we can calculate minimum 1.5 year for construction and 2 years from there as final phase and closure of the project. So, I would say 21 and 22, December 22 we should be through with that project.
- Parikshit Kandpal:** And sir we book other income on this advance, right. So we charge some interest to the subsidiary on this?
- Hetal Patel:** Yes, we are charging interest also on this, 7% interest we are charging so this is included in other income. Whatever next loan is there that is after giving the effect of the interest from our end.
- Parikshit Kandpal:** And second thing the question was on Precast, so when do we expect revenues to start coming in from the Precast facility, so next one year will go into CAPEX. So when do you expect the first revenue to come in from this facility?
- P.S. Patel:** So, probably I'm thinking that we should be able to complete the plant by April or May and if we complete by April or May, probably then within next three, four months we should expect some revenue to start generation from that plant.
- Parikshit Kandpal:** And initial sense how much could be the revenue annual could be to start off in the first year and what kind of EBITDA margins we can have?
- P.S. Patel:** Presently Parikshit that is very difficult because we are trying to make the market understand we are trying on so many existing factors there in high rise building. You are working on **(Inaudible) 38:48** we are working some infrastructure elements also. So it's something whatever we think or whatever we present to the different, different client as in before that we should have some concrete being on paper, so presently we are not trying to move to the market what we are going to do with the internal assessment is going on within the company that what will be the market. So, to confidently able to give this figures somewhere in the next quarter, next June 21.
- Parikshit Kandpal:** Okay. And sir one more question was on this Prestige where you are bidding for the IT Company Head office. So is it like you're giving a support bid to Prestige or like it's already Prestige has got it and it's just that now we are finalizing how the EPC work will come out. So what's happening there?



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- P.S. Patel:** What was the question, sorry I couldn't hear you?
- Parikshit Kandpal:** So, this Prestige project with an IT Company, which was mentioned earlier that you. So, I was asking is this already Prestige has got or he is bidding for like?
- P.S. Patel:** No, it is a project bided by two or three people in all over India and that is one of the player who is, this is going to be a developing project wherein there has to be developer because all the permission has to come from each side. And at the same time some of the activities which needs to be done at the finish or final level people and all, so it's a tie up between a developer and a contractor. So, they are into discussion I had one discussion with Prestige people also, a large **(Inaudible) 40:29** how serious they are and they are really serious to get this project because they have a wide experience of IT and they have wide clientage of IT.
- Parikshit Kandpal:** So, basically this IT Company is looking for scouting for locations in Bangalore and they are going to some of the developers who have land will approach them and give them a proposal and they will have a support bid from the EPC contractors like yours. So you will be tying up with Prestige as a support bid for the EPC part and Prestige will be bringing in the land bank, which they have for building out an IT Company's Head office if they get this project, right?
- P.S. Patel:** Yes.
- Parikshit Kandpal:** Because, one more similar kind of deal is happening with Ernst & Young, where they are looking to build about 3 million square feet are you also in that deal, because they are also looking for developers?
- P.S. Patel:** Presently we have a JDA of this developer work with contract so this is the only work which we are bidding.
- Parikshit Kandpal:** And any other projects now you are working for, any new project you have taken up for Prestige, indirect project?
- P.S. Patel:** No, we are there for one project in Gandhinagar GIFT City that is the only connection we have with GIFT City. And my relations which they wanted us to be for this project of an IT Company.
- Parikshit Kandpal:** Okay. I am saying but any other project of Prestige you are looking to take up, besides this IT Company's Head Office one?
- P.S. Patel:** Any other project?
- Parikshit Kandpal:** Of Prestige are you looking to develop, any commercial projects, because they are coming up with some more projects, some commercial projects in Mumbai there have a big pipeline in Bangalore.



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- P.S. Patel:** Presently they haven't send us any of the enquiry but they are usually they send us whenever there is an enquiry so we have that relationship, presently I can't see any number in the office from Prestige except this but that may come if they are having any development coming soon.
- Parikshit Kandpal:** Okay. So, just to understand one last thing that as of now for this year being a COVID year things have not been as per expectation for most of the companies. But even on the government side, we would only see some big traction coming in once this FDV project gets certified to the extent of 2000 crores of standalone qualification, from their own FY22 and 23 could be bigger in terms of government contracts, larger size government contracts for us right?
- P.S. Patel:** Yes.
- Moderator:** Thank you very much. Next participant is Shravan Shah from Dolat Capital Market. Please go ahead.
- Shravan Shah:** Sir, are there any more projects coming up in GIFT city in the coming four, five months?
- P.S. Patel:** You have to ask them. As far as I know and the tendering process possibly in the office, currently we have not heard of any project but maybe that may come later so this is GIDC is with government of Gujarat that was a good project and we're going to compete four or five towers of such type that was one of the largest development which is coming in GIFT City, after canceling that project we are not having any clarity from GIFT City.
- Shravan Shah:** So, even this GIDC will be now for next four, five months it will not come back?
- P.S. Patel:** For now the overall the economy and the sentiment are improving so probably you never know because now the DUs will also see the stock exchange where more and more IT companies are doing better performance in class this quarter. So, probably that may come in next six months I can hope so because IT company this is the best location for them to start a business as far as government rules laws and benefits are concerned in GIFT City.
- Shravan Shah:** Okay. And the Central Vista also till February, March no bids would be there?
- P.S. Patel:** No, we are not saying that till February, March there won't be any bids, bids are going to come in pieces so that can be in the range of 400 to 1000 crore so there will be some bids which are going to come before, almost all the bids has to come before March 21 so that they can complete project within 3 years from there on March 24.
- Shravan Shah:** Okay, but now it is in the range of 400 crore to 800 crore?
- P.S. Patel:** I can't say. See it depends on the size of the project. What type of project they are making, they are going to come up with so many things over there. It is secretariat buildings so there are 10 secretariat blocks so now if they are going to divide the two, two blocks, eight, eight blocks,

five, five blocks how they are going to do we don't know. It is overall a project of 13,000 to 14,000 crore what they say, sometimes they say 15,000 crore. So, let us wait and watch how, what type of project they are distributing and how values are being decided depending on the type of the project of the priority of the project.

**Shravan Shah:** Okay. But in terms of after awarding the parliament, the one in terms of the terms and conditions have they likely to be reduced in terms of the whatever they were thinking that 30 crore revenue per month for 30 months in a single?

**P.S. Patel:** No, that criteria will always remain at all the four crossing for the next four years, whatever projects are going to come. These are all final timeline project so the criteria for having revenue of 30 crore maybe 35 or maybe 40 crore depending on the size of the project. So, if they are bidding for a 2000 coming up with 2000 crore they may ask a revenue of 45 crore also so that is the criteria which is required for the capability of the company. And that depends from, it was 923 crore parliament project, 80%, 720 and divided by 360. So, that was coming to 35 or 34 crore. Depending on the size of the project this would decide on the revenue it is minimum required or not.

**Shravan Shah:** Okay, sir but if that would be the case so for us, what is the monthly run rate that how much are we eligible to get, so the simple thing is if let's say it's a 1000 crore?

**P.S. Patel:** I think this question you should answer me because you're more worried about Surat all the time. And that is 37 crore till now.

**Shravan Shah:** Okay, got it. And lastly, Hetal, this 114 crore gross debt I understand maybe just because of the particular year end but now this number has it has once again came to the normal 75, 80 crore, or it's still at 114 crore?

**Hetal Patel:** Yes, as of date we can say it has reduced because of the collections what we have received before Diwali. So that has been reduced.

**Moderator:** Thank you very much. Next participant is Alok Deora from Yes Securities. Please go ahead.

**Alok Deora:** Just one question I had on the Precast plant. So, sir have we gone to the market and just what's the response you are getting, if we are planning to generate some revenue by starting from May or June, what's the response we are getting from the developers if he has spoken to some regarding the usage of Precast?

**P.S. Patel:** See in India, if we really see to the market, it is always people see it and then believe it. So, first and the foremost thing which I have to do is, my plant has to be precast. I have been discussing with so many developers, so many architects and showing them the total technology on the presentation level, everybody liked it. But the point there always is how is it when they physically see things been getting done they believe it more. So probably the things are going





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for forward, because people are happy to understand the technique, they are happy to move towards technology, because it's the fastest technology with good quality so nothing negative thought as of now, but I personally let me prove it on my factory side first, once they see the factory which is itself been made through a Precast element then they will start believing in how it can be done.

**Alok Deora:** Sure and sir, the cost for this might be slightly higher than the conventional. So would we find, is there a chance that it might be slightly, initially we might have to do it just as a just to make them, just at a lower cost or something because the price as such would be higher for the developer to use a Precast as against?

**P.S. Patel:** The first **(Inaudible) 50.02** is not that much high it is about 10 to 12% through conventional RPC, but probably it is about when we talk about the conventional RPC it ranges from 700 to 800 and if there is a rise of 10% to 12% which is Rs.70 to Rs.80 per square feet, Rs.70 to Rs.80 per square feet is not a cost when the developer is getting a better product, quality and the most important savings 30% to 40% of his timeline. So, it is a consistent work which is going on in time and with a consistent quality that is more important, and now day-by-day things are moving in a direction that people want quality at the same time they want to reduce the timeline also.

**Moderator:** Thank you. Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** So, just one thing so you had said that you will try to meet last year's number. So, just wanted to know we are already at, so what will be the October run rate now, are we already at 160, 170 crores for October?

**P.S. Patel:** 160 to 170 crore per month you mean to say?

**Parikshit Kandpal:** Yes, so what is the October run rate now, so how much you would have done for October.

**P.S. Patel:** We should not discuss on new figures as of now but yes things have improved a lot.

**Parikshit Kandpal:** So, labor is back to pre COVID level were we slightly higher than last?

**P.S. Patel:** Yes, we are 100% reviewed almost all the labors in all the plant.

**Parikshit Kandpal:** Because, you did mention that about 50 crores we have booked in Surat Diamond Bourse in October was trying to see if the monthly number are already at 150, 160 crores because you have to do about 550 crores of averaging out if you are doing about third quarter about 550 to 550 crore of revenues?

**P.S. Patel:** You are right, we will reach to that level but things have now mobilized, people have mobilized full and things are fully on track.



**Moderator:** Thank you very much. Next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

**Jiten Rushi:** Sir just on the order inflow as you said we are targeting order inflow of around 1200 to 1300 crores this year right sir?

**P.S. Patel:** We are seeing more than what we generate.

**Jiten Rushi:** Last year around 1500 or 1600 we had received if you see FY20?

**P.S. Patel:** Last year we had an order inflow of +1800 crore compared to our revenue of 1500 crore, this year we are expecting more than 1300 crore we should at least target for 1500 crore.

**Jiten Rushi:** And sir at Surat now we were having almost 2,500 labors so now as you say 5000 labor count has touched right sir?

**P.S. Patel:** I think it is not 2000, it is more than 4000 people as of now.

**Jiten Rushi:** Last time means during **—(Inaudible)**

**P.S. Patel:** Yes, now we have reached to more than +4000.

**Jiten Rushi:** And this run rate will continue right sir?

**P.S. Patel:** Yes, now there is no issue. It is the best season for good contractor to work till March.

**Jiten Rushi:** And sir in terms of this Pandharpur and other projects so, the execution run rate should pick up because the execution is still not picked up as you said correctly in September obviously things have picked up so the run rate according to you should be how much per month going forward probably from December onwards what monthly run rate you are expecting sir in terms of overall execution sir?

**P.S. Patel:** See individually I am giving the figures.

**Jiten Rushi:** Not individually but overall, can you highlight if at all?

**P.S. Patel:** Overall as I said that whatever revenue which we are expecting by March 21 that's within the range of +1300, we will try to reach to that level within this next six months.

**Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to Mr. P.S. Patel for closing comments.



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- P.S. Patel:** So anybody else doesn't want to ask a question. Thank you very much for participating on this call of PSP quarter two results and wish you all a very Happy Diwali and Happy New Year in advance. Thanks to all of you and thanks to AMSEC.
- Hetal Patel:** Thank you every one, wish you Happy Diwali.
- Moderator:** Thank you very much. On behalf of Asian Markets Securities Private Limited that conclude this conference. Thank you for joining us. You may now disconnect your lines. Thank you.