



“Transcript of Q3 FY22 Earnings Conference Call of PSP Projects Limited”

January 27, 2022



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY22 Earnings Conference Call of PSP Projects Limited. 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 Ms. Krishna Patel from Christensen Advisory. Thank you and over to you, ma’am.

Krishna Patel: Thank you, Margaret. Good evening, everyone. On behalf of Christensen, I welcome all participants on the Q3 FY2022 Earnings Conference Call of PSP Projects Ltd. We have with us today, Mr. Prahalad Bhai Patel – Chairman, MD and CEO and Ms. Hetal Patel, the Chief Financial Officer of PSP Projects Ltd. Without further ado, I would like to handover to the management for their opening remarks. Thank you.

Hetal Patel: Thank you, Krishna. Good afternoon, everyone. We are pleased to welcome you to our earnings call for Q3 FY22. Please note that a copy of our disclosures is available on the investor section of our website as well as the stock exchanges. Please do note that anything said on this call with respect to our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces.

With that I would like to handover the floor to our MD – Mr. Prahalad Bhai Patel for his opening statement.

Prahalad Bhai Patel: Thank you, Ms. Hetal and good afternoon everyone. We welcome you all to the earning call of PSP Projects Ltd. I trust everyone is keeping safe and healthy. During the third quarter in revenue terms, we recorded 24% growth on year-on-year basis and EBITDA growth of 58%. The EBITDA margin expansion is largely attributed to near completion of major projects of PSP Projects Ltd. Orders on hand stands at Rs. 4,008 crores as on 31st December 2021. All the projects are fully mobilized other than EWS Housing projects in Maharashtra. These two projects together contribute only 18% of total order book. Despite the festival of Diwali during the quarter, the projects are operating at optimum capacity which has led to faster execution of projects and resulted in a better revenue generation of 485 crores.

During 9MFY22, we have almost reached to the revenue of the whole of the last financial year FY21 and recorded a growth of 74% on nine-month basis. In terms of profitability, on nine-month basis we have recorded a higher profit of 152%.

During the quarter, we have completed 5 projects out of which 3 major projects completed includes:

- Nestle Plant, Sanand, Rs. 130 crores,

- Leela Hotel interior Gandhinagar Rs. 50 crores,
- Interior for Sardar Dam is 40 crores. Total projects completed by PSP Projects till date totals 179.

Our project: The Kashi Vishwanath corridor was inaugurated on 13th December 2021 by our honorable Prime Minister Shri Narendra Modi, this project was our first project in the state of UP and we have completed in record time of 20 months despite of so many challenges like material and logistic restrictions, **pilgrims** moments and two major COVID waves. We are thankful to the Government for providing necessary support to the project on time-to-time basis.

During this quarter we added four new projects namely:

- Construction of residential building of PAC Mahila Battalion in UP for Rs. 239 crores,
- Gujarat Metro Rail MEB work of Rs. 50 crores,
- MRF Dahej Plant repeat order of Rs. 27.5 crores.

In November 2021, we have submitted qualifying bid for the Executive Conclave as a part of Central Vista, the announcement of which is still awaited.

Our order inflow during the nine months of financial year 2022 are Rs. 978 crores which includes a major order from multinational company to build steel plant at Hazira and residential building of PAC Battalion in UP. Going forward, we have a bid pipeline of approximately 3,500 crores of which 49% is from private projects and around 60% is from state of Gujarat. During the quarter, we have successfully commissioned the precast factory which the total investment of Rs. 109 crores. We have received order from L&T to the value of Rs. 51 crores and booked the revenue during this quarter to the tune of Rs. 4.4 crores. The timeline to complete the project is 30th June 2022. We are happy to announce that December 2021 we have successfully exited our investment in both our US subsidiary by selling the stake of PSP Projects INC at USD 10,000. Also, the entire loan amount has been duly received along with interest.

Now update about few of our large projects. First which we always want to hear about Surat Diamond Bourse, yes it is almost at the verge of completion. We have started commissioning of this part 1 that is three towers which is going to be completed by 5th February. Second phase, that is the second phase which is again three tower which is going to go from 5th February to 15th February until of last month of February we intent to complete the whole of the project and over to diamond bourse association to start the interior works.

And update on UP Medical College and Hospitals, yes all the projects have been mobilized and all the projects have started initially on the foundation level. The revenue generation has already been started in the two medical college and hospital projects. So, all the projects are going on smoothly.

Status on our Bhiwandi and Pandharpur project, yes, Bhiwandi project still has status quo and the government matter is in the court and in Pandharpur we have just received a letter from Pandharpur council saying that we are going to pay 6 crores out of 20 crores outstanding each for which we are replying to them, we are going to give conditional or without condition. So that is the status about Bhiwandi and Pandharpur.

With this I conclude my remarks and now I would like to handover the call to Ms. Hetal Patel to take us through the financials.

Hetal Patel:

Thank you, sir. The financial performance during the quarter and nine months ended December 2021 is as below.

Q3FY22 versus the Q3FY21

- Revenues from operations for the quarter is Rs. 486 crores versus Rs. 390 crores in Q3 FY'21 which is higher by 24% on Y-o-Y basis.
- EBITDA for quarter is at Rs.74 crores versus Rs.47 crores in Q3 FY'21 which is higher by 58% on Y-o-Y basis.EBITDA margin is at 15% versus 12% in quarter Q3FY21.
- Net profit for the quarter is at Rs. 47 crores versus Rs. 28 crores in Q3 FY21 which is higher by 68% on Y-o-Y basis.

PAT margin is at 9.5% versus 7% in Q3 FY21.

On a nine month basis,

- Revenue from operations during the 9MFY22 is Rs. 1193 crores versus Rs. 740 crores in 9MFY21 which is higher by 61% on Y-o-Y basis.
- EBITDA during the 9MFY22 is at Rs.168 crore versus Rs.73 crore in 9MFY21, higher by 131% YoY basis.
- EBITDA Margin is at 14% versus 10% in 9MFY21.
- Net profit during the 9MFY22 is at Rs.109 cr versus Rs.40 crore in 9MFY21, higher by 172% YoY basis.
- PAT Margin is at 9% versus 5% in 9MFY21.
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The revenue generated from Surat Diamond Bourse was Rs. 93 crores during Q3 FY22. Cumulative revenue till December 31st, 2021, is Rs. 1657 crores for the Surat project. UP projects revenue during the quarter was 38 crores and revenue booked till December 31st is 64 crores in total. During the quarter company has commissioned its precast facility and completed the capitalization of the asset. Total asset for precast facility is 109 crores including land of Rs. 20 crores. Revenue book for the precast for this quarter is Rs. 4.57 crores.

During the quarter, company has divested 100% stake that is 10,000 equity shares in its fully owned subsidiary, US subsidiary, that is PSP Projects INC for a consideration of USD 10,000.

Prior to the divestment outstanding loan and interest due was received in full, totaling USD 50 lakhs during this quarter. Considering the full recovery of loans, the provision made in earlier years for impairment of loan to the extent of 2.14 crores have been reversed during this quarter and the same had been included under the head, other income. Regarding Bhiwandi project expenses, out of the total expenditure of 9 crores which is shown as WIP in the financials, we have made provisions for expenses of Rs. 3.16 crores during this quarter and Rs. 6.06 crores in total. The same is included in other expenses. Finance cost during the quarter has increased which has an impact of 4 crores over interest on mobilization advance for UP projects and Rs. 1.5 crores due to increase in utilization of working capital facilities and interest on precast machinery loans.

During the quarter, the company has reviewed recoverability of loans given to its wholly owned Indian subsidiary which is PSP Projects and Proactive Constructions Pvt. Ltd. and made provisions for impairment of loans to the extent of Rs. 2 crores which is included in other expenses. Working capital days are as follows. Debtor days are 71, creditor days are 46, inventory days are 70 and total working capital days are 43. Out of the total credit facility of Rs. 1,047 crores, utilized limit is Rs. 543 crores of which Rs. 84 crores are fund-based utilization and Rs. 469 crores is non-fund-based utilization.

As on 31st December 2021, the company has total fixed deposit of Rs. 215 crores, out of which 3 deposits of Rs. 43 crores, FD worth Rs. 166 crores are under lien with banks for credit facility and FD given to the clients as security deposits amount of Rs. 6 crores. Work on hand as on 31st December 21 is Rs. 4,008 crores which comprises Rs. 117 crores for Surat Diamond Bourse project.

That concludes the update on financials and we are now open for questions & answers. Thank you.

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

Shravan Shah: Sir, first basic questions is on in terms of the guidance on order inflow revenue because last time we were talking about 20%-25% revenue growth for full year. So now definitely it will be much higher and how do we now look at FY'23 in terms of the growth on revenue front?

Prahalad Bhai Patel: Thank you, Shravan. See, this is again I am saying that the revenue growth what we have expected, sorry, the order inflow growth what we have expected maybe in the range of revenue which we are going to generate that can be in the range of Rs.1600 crores to Rs.1700 crores and we always expect that the growth of our order should also be inflated to 20%-25% to an extent what we have growth in the revenue. So still I am saying that we will be in the range of Rs.1600 crores and Rs.1700 crores inflow or maybe little bit more in some of the orders which

we are expecting gets converted which is there in the pipeline. So, I am still sticking to the figure of Rs.1600 crores plus in terms of order inflow.

Shravan Shah: And revenues you are saying, it would be 1700 crores to 1800 crores revenue we can look at for this year. So next year how do we look at now, in terms of the growth on revenue and also in terms of the margins, so definitely it is higher than what we were expecting 12% to 13%. So, any upward revision in margin as for this year and next year?

Prahalad Bhai Patel: So, this is an exceptional case when we are thinking about profit growth or EBITDA growth, because this is something which is related in each quarter what type of work is done and Ms. Hetal and I already explained in my first comment that this is because of the completion of some of the projects at the end stage and some of the bills are booked at the last which are pending in terms of discussions with the client and all those issues. So probably still we stick to that the EBITDA should be in the range of 12% and 13%, 15% is in exception, having when there is such type of projects and such type of quarter and what type of what is being executed. And as far as your growth in terms of 2023, I am still saying that we always believe in reaching to (+20%) where this 25% odd, 30%, but let us compare, let us focus on minimum 20% from what revenue which we are going to generate in this year.

Shravan Shah: So that is a great thing to look at. Sir, now if you can help us in terms of the bid pipeline that you said Rs. 3500 crores 60% in Gujarat. So, if you can mention some of the projects and also now SDB as you said it would be over in this February. So now the eligibility previously we are saying Rs. 2500 crores and Rs. 3000 crores plus. So, are we looking at any of such large projects or planning to, including even the Central Vista?

Prahalad Bhai Patel: Yes, still that opportunity is still remaining because you are knowing that nothing has happened from last quarter to this quarter in terms of Central Vista. The total orders which we have finalized before September and the figure remains the same. So, the chances for PSP to having qualified in future after February for this type of project remains there. But it is not only about the Central Vista that PSP is aiming at. It can be so many other opportunity which I have been always saying that there are few such types of projects like Vishawanath Temple is going to come all over India and any other such project which is in the value is more than Rs. 1000 crores. So, we should focus on any type of project, not only the Central Vista and yes, what about the Rs. 3500 crores order book. I would not name the clients name, but I will give you some of the examples that the sports complex in Ahmedabad is Rs. 600 crores. That is a residential project in Mumbai that is Rs. 300 crores. There is one corporate office office in Ahmedabad is Rs. 200 crores. There is a pharma company in the expansion of factory is Rs. 200 crores. One commercial mall at Ahmedabad is Rs. 200 crores. One factory project near Surat is Rs. 150 crores. Steel plant expansion is Rs. 150 crores. Phase two of one of our existing clients which is coming up soon that is Rs. 100 crores and MEP works for GMRC is in the range of Rs. 100 crores. A temple project in Ahmedabad is about Rs. 80 crores. So, this all totals to Rs. 3500 crores including that project of Central Vista which is Rs.1172 crores.

- Shravan Shah:** But currently we are not having anything Rs. 500 crores plus kind of project which is under the bid pipeline at present?
- Prahalad Bhai Patel:** I already mentioned Rs. 600 crores project which is going to be the sports complex at Ahmedabad. And Rs. 300 crores residential projects in Mumbai and Rs. 200- Rs. 200 crores projects both of the corporate company's corporate office and that company's pharmaceutical plant.
- Shravan Shah:** Lastly Hetal ma'am, retention money, unbilled revenue and mobilization advance figures in the end.
- Hetal Patel:** See, it is in line with last quarter only, this quarter we have not finalized the balance sheet number. But Yes, very few significant difference compared to previous quarter. So whatever routine billings have done, so to that extent retention money has been reduced.
- Moderator:** Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities and Finance Ltd. Please go ahead.
- Dhananjay Mishra:** So, my question is regarding like, if we exclude Bhiwandi order you are at Rs. 3400 crores order book and so what is the realistic number in terms of order inflow because this year I think we are already at the end of the financial year. So, you said Rs. 1600 crores- Rs. 1700 still possible in the order inflow. So next year if we look at for the next two years, what could be the order inflow size, to grow at 25%-30% level which we have been guiding for in terms of long-term growth?
- Prahalad Bhai Patel:** See, Rs. 3500 crores excluding this Bhiwandi you are absolutely right and that is the, today also if you see the maximum revenue which we can generate for next quarter is Rs.600. If we exclude that 600 still we are expecting more than Rs. 600 crores – Rs. 700 crores inflow. So probably at the outstanding of March 2023, we will be having clear outstanding order book or again Rs. 3500 crores so which is I personally see is sufficient for next year 20% growth. But it is not about only the Rs. 600 crores or Rs. 700 crores depending upon the opportunity that can go beyond Rs. 700 crores also. But even the limited little figures on a conservative side, I would say it will be in the range of Rs. 600 crores-Rs. 700 crores addition from here and that will give an order book, outstanding order book in March 2023 as Rs. 3500 crores plus.
- Dhananjay Mishra:** And sir, this remaining Rs. 10,000 crores which from Central Vista, can we expect these orders will be finalized in FY23 itself or it will take longer?
- Prahalad Bhai Patel:** Probably it should get concluded by FY23, that is there. So let us see how it works, but probably it would not be concluded before FY23, I mean it is not only Rs. 10,000 it is still Rs. 15,000 crores of order to come from Central Vista.

Dhananjay Mishra: So, after Rs.15,000 crore already awarded we will still have Rs.15,000 crore?**Prahalad Bhai Patel:** No, it is only about Rs.5,000 crore which is being awarded out of Rs.20,000 crore which has been announced. Still there is a scope, we can be a participant in future.

Dhananjay Mishra: And the order we have already bid is, what could be the size of those order? It is 1,000 or something like that?

Prahalad Bhai Patel: 1,172.

Dhananjay Mishra: And this still the hurdle of disqualification is connected to this Surat Diamond or it is already we have got certification to bid for 2000 total account.

Prahalad Bhai Patel: Yes, we have got certification but still let us hope that once we have get qualified once in Central Vista then we approve. By end of February, it will be 100% approve.

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

Parikshit Kandpal: Congratulations on getting the first order of the precast facility. So just wanted more sense from you sir, given that the L&T has got the major chunk of this packages. So is this a test order from L&T wherein once you deliver and then they will significantly ramp up the ordering. So how do you see the loading utilization improving for this facility, if you can give just some sense on that?

Prahalad Bhai Patel: See, that actually you can consider as a test order, but that was the only order which they could finalize because of looking into the phase of construction which is going on at the ground level. So, the requirement of the track, so the track work just started before few months only. So, the major precast which is to be fixed on the track, that is going to be referred by them in the next year. So probably the first question of substation where they require precast there and they have finalized and we are the only contractor who are supplying precast for that type of work and on the track side, the requirement will be more than Rs. 700 crores that they maybe going for two agency or three agencies. So, of course if the delivery and performance of this project is going to play a key role for giving us the next order.

Parikshit Kandpal: Annually how many you can get on peak utilization near 100%, so how much can we, revenue can be created from this facility?

Prahalad Bhai Patel: See, that depends on what type of work we are going ahead. See, now presently we have entered in the infrastructure. Majorly this plant has been done, built for the part of building. But if we go on continuing with getting the orders on the building side as well as the infrastructure side, probably maximum Rs.300 crores revenue we can generate.

- Parikshit Kandpal:** That could be recurring order book annually and with the current capacity of million square feet, right?
- Prahalad Bhai Patel:** Yes, that is the maximum which we can see or if you are on the addition of some of the things in the plant size, we can still add on, but that depends on the order requirement. Because we have that facility of huge land. So, we can expand on the little at the machinery level when we can cater some more orders out.
- Parikshit Kandpal:** Ma'am, PSsir earlier said in the call that the margins in this quarter 15.3% has been little higher and the sustainable margin will be 12%-13%. There was some project which when nearing completion and we got some benefit because of reversal of provisions, so if you can quantify that amount how much would be reversal?
- Prahalad Bhai Patel:** Parikshit, she has already given in the comments related to what's the value of work which have done in Surat and Kasi Vishwanath and Bombay Stock Exchange Forum, I think these are the two major projects and BSE is the minor project. So these are three projects which are getting completed.
- Hetal Patel:** Increase in EBITDA that we cannot work out. But the BOQ items which were carried out for this project were with higher margin, so that is a reason for this increase in EBITDA margin. It is almost we have booked Rs.93 crores for SDB and even Kashi also around for this quarter Rs.125 crores are done.
- Parikshit Kandpal:** And ma'am these working capital numbers, if you can just repeat the days, I just need that number on days to mention, the working capital of 71 days, and creditors were 46, and inventory was 17 right?
- Hetal Patel:** Right and debtors was 71.
- Parikshit Kandpal:** Debtors 71, creditors 46 and inventory 17 days, right?
- Hetal Patel:** Yes, in total 43 days.
- Parikshit Kandpal:** And just last one the US subsidiary, we have now nothing in US right, everything is now we have exited the US market and no exposure to US now and if you can just say and this project is now with the promoters at individual capacity or it will be sold to third party?
- Hetal Patel:** It is the local US partner to whom we have sold, local person has purchased this company.
- Parikshit Kandpal:** So, we don't have any exposure in US now, we are out of the US market?
- Hetal Patel:** Yes.

- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir, on the UP projects, so I am assuming we have taken 10% mobilization advance we were support to receive, right sir?
- Prahalad Bhai Patel:** Yes.
- Jiten Rushi:** It is almost Rs. 140-145 crores.
- Prahalad Bhai Patel:** We have received only 5%. We are entitled of receiving 10%, but yes we are only 5% now.
- Jiten Rushi:** So, 5% when are we expect to take?
- Prahalad Bhai Patel:** It depends on the requirement. As and when if you require for different projects we will think of that.
- Jiten Rushi:** So basically, right now only Rs. 80 crores we have taken?
- Prahalad Bhai Patel:** Yes.
- Jiten Rushi:** And sir on the UP project again, sir last call so we were talking about that in Q3, we are expected to have a good execution of probably Rs. 30 -40 crores. We have seen a lower execution of around Rs. 38 crores in Q3 the UP project. But sir going forward as all the projects are now operational, what kind of run rate we can see per month in the UP project, sir?
- Prahalad Bhai Patel:** See, there were two things, the prolonged monsoon and some of the projects where the water level was high, so there were few issues related to foundation work, otherwise the projects are fully mobilized and that expectation of getting a good revenue every month to the extent of Rs. 50 crores from here is possible.
- Jiten Rushi:** So, Rs. 50 crores per month, right sir?
- Prahalad Bhai Patel:** Rs. 50 crores from the till March we are expecting that revenue to come from UP.
- Jiten Rushi:** Rs. 50 crores, in that meaning Q4 total.
- Prahalad Bhai Patel:** Rs. 50 crores per month for the quarter.
- Jiten Rushi:** Sorry, my bad. Some revenue, ma'am said in the opening remarks from 64 crores book in December. So that is book, but that is not part of the revenue, right in UP?
- Hetal Patel:** It is part of revenue, with the revenue.

- Prahalad Bhai Patel:** See, what we are expecting is Rs. 50 crores per month that is per quarter Rs. 150 crore, instead of Rs. 150 crore, we booked Rs. 64 crores this quarter.
- Hetal Patel:** 38 crores for three quarters.
- Jiten Rushi:** Right, presentation shows 38 crores. So that is what I am saying. So, what is 64 crores?
- Hetal Patel:** 64 crores in total, cumulative.
- Jiten Rushi:** My bad. Ma'am, this interest run rate of high interest rates will continue now because of the mobilization advance and more advance expected to come. So this Rs. 9 -10 crores runrate will be the new normal for us in terms of interest?
- Hetal Patel:** No, it will be on a lower side because this quarter's interest was on higher side which included even some part of previous quarter also because they have guided me how the interest recovery will be done, so that has been included in this quarter.
- Jiten Rushi:** That is like 12% you are paying, right?
- Hetal Patel:** It is 10%, but it is some part of previous quarter interest revenue included. So, on an average Rs. 80 crores, 10% we can say, so every quarters Rs. 2 crores will be part of mobilization advance of UP.
- Jiten Rushi:** And this depreciation also will be the same now because of capitalization of the precast facility, the depreciation of Rs.9.5 crores, probably Rs. 9-9.5 crores will continue, right?
- Hetal Patel:** That will be same now. So out of Rs. 9 crores, Rs. 2 crores is towards pre cast facility. So, if you see previous quarter depreciation was around Rs. 7 crores, so Rs. 2 crores increase is attributable to precast.
- Jiten Rushi:** And sir, on the order, like you said new projects likely, currently in the opening remarks. So just wanted to understand, last time also we had updated on many projects like IIT projects and so when are these projects expected to be bided out and when we can expect the inflow from these projects of Rs. 3,500 crores?
- Prahalad Bhai Patel:** That was a general guidance of IIT that depend on type of project coming and that quarter or half quarter. So, if you see the since last four to six months we have never seen any project in nearby Gujarat or where the company is growing or being worst, there is any project announced for IIT or AIMS. So it is not, that statement was in general that we can bid for such large sized project once we are through with the **eligibility** criteria.
- Jiten Joshi:** So, the Gandhi Ashram also was there last time?

- Prahalad Bhai Patel:** I said the projects which are announced, so that can come in near future on a large volume of more than Rs. 1000 crores.
- Moderator:** Thank you. The next question is from the line of Ankit Babel from Shubhkam Ventures. Please go ahead.
- Ankit Babel:** Sir, my question pertains on the Pandharpur project. So sir, what is the total size of the project and what is the current unexecuted part of the project?
- Prahalad Bhai Patel:** You are talking about Pandharpur?
- Ankit Babel:** Yes.
- Prahalad Bhai Patel:** See, Pandharpur was Rs. 150 crores project was awarded to us. Out of that about Rs. 75 crores project has already been initiated at the initial stage. And out of this 75 crores project we have already completed about Rs.35 crores.. So, Rs. 40 crores has to be done in the first phase of 75 crores.
- Ankit Babel:** And so sir, what is the outstanding amount? Is this project under some dispute? Is it a moving project or what is the status?
- Prahalad Bhai Patel:** It is not on a dispute, but we have stopped the work, because they are not having that much finance to pay us on time. So it is Rs. 20 crores outstanding because of which we have presently stopped the work and waiting for the money to come and that is the only when we can finish the first phase.
- Ankit Babel:** But do you have any idea that, this project is, will you complete or there can be a chances of calculation or something like that or any other blockage which can come up?
- Prahalad Bhai Patel:** For the first phase they have already announced some of the tenants, if the tenants are not paying on time, so they are not able to pay us on time. But at least the first wave has to be completed from their end because of that initiation, we have already got one letter from the CEO yesterday saying that they are ready to pay us Rs. 8 crores and they can continue paying in phases as and when we complete the project. But still, we are thinking that whether to go ahead with that Rs. 8 crores or how we should go. But presently the work is being stopped just because of the finance.
- Ankit Babel:** And rest all projects of yours are on, I mean moving state, there is no halt or something which is slow moving, only one.
- Prahalad Bhai Patel:** Yes.

Ankit Babel: And sir, second question was your, ideally you had always guided that to achieve a 20%-25% growth year-on-year. The order inflow in a particular year should be at least 20%-25% than the execution of that particular year. So in this year suppose if you ended around Rs. 1700 -1750 crores or whatever, so the required rate of order inflow is around Rs. 2100 crores minimum. So then you have done less than Rs. 1000 crores, around 980 crores. So, in this current quarter do you expect order inflow of Rs. 1000 crores to Rs. 1200 crores coming up?

Prahalad Bhai Patel: Let us expect that we get Central Vista Rs. 1172 crores if it is added, then we reach to more than 2000 crores. So that again depends up on the opportunity and type of projects. See, it should not be like that how much we intend to have order book, I always go for the selection of the project in the right time for the right job. So, you are absolutely right that we are expecting more than Rs. 2000 crores order book. Last year also you remember we intend to have a growth of about Rs. 1600 crores but reached Rs. 2400 crores inflow of orders. So, it depends on type of opportunity, type of projects which is being announced and the type of competition which is going on which type of projects. So, I am going little bit cautiously and I am still confident that we will be able to reach to that minimum requirement of figure of order inflow.

Ankit Babel: So, just a follow-up on this, this Central Vista project, so you did mention that you are expecting inflows from here and only Rs. 5000 crores worth of projects have been ordered till date and a lot is still to be ordered. So are you prequalified for this now?

Prahalad Bhai Patel: See, that is what I have a feeling and maybe in my statement also we are waiting for the prequalification first project for which we have bid. So once we get that pre-qualification or once we complete the SDB finally and we got the total final completion. I think will be in position to bid for those projects. But presently we have bid based on the certificate which we had and let us wait for the prequalification which is not yet concluded for this PMO office.

Ankit Babel: So, actually I was confused here only, since your Surat Diamond project is yet not completed, so first of all do you expect that project to be fully completed this quarter?

Prahalad Bhai Patel: That depends on the tendering authority that they allow fully completion or a substantial completion or a commission project. Because in a project there are few things which is being awarded in the tender state and there are few things which is being awarded added as an extra award. So the value of certificate which we had got from the client was sufficing the purpose of this Rs. 1172 crores and based on that certificate we have already bid and we are waiting that we are qualified, that is fine. Otherwise, we will have to wait for the final completion.

Moderator: Thank you. The next question is from the line of Aditya Choksi, an Individual Investor. Please go ahead.

- Aditya Choksi:** My question is already answered previously. But just wanted to ask you one more thing sir. For the next, last quarter of this financial year, what sort of numbers are we looking for? Are we looking to close the year at Rs.1700 crore revenue and margins also?
- Prahalad Bhai Patel:** See, again the projection remains the same within the range of Rs. 1650-1750 crores or maybe Rs. 1800 crores that depend on how we can perform in the last quarter, because see, in construction company it is very difficult to assume the right figure. So it depends on the execution on other new projects which we are going to get within next 1 or 1.5 months. So that depends. But the revenue generation which we have given in the range of Rs. 1650 crores plus that will be 100% sure and we will try to maintain the margins, EBITDA and PAT same what we have been expecting in our last two quarters also which will be in the range of 12%-13%.
- Aditya Choksi:** And sir, one more question, the project Central Vista that you are talking about Rs. 1172 crores whether we get it or not will be confirmed by the end of the quarter, right sir?
- Prahalad Bhai Patel:** Yes, 110% because still it is at the prequalification stage. Only the prequalified contractor is going to bid for this project. So that we are going to know within a short time.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Sir, first question was with respect to Bhiwandi again I think there was a hearing due with respect to Bhiwandi in the month of November. So, was there anything incremental that you would like to share from the hearing that took place in the month of November?
- Prahalad Bhai Patel:** I think one time there corona was affected, the advocate from their side had Corona, so I think there was one hearing being postponed. And last few months I think because of heavy wave of Corona in Mumbai, I think High Court is not working. So probably we are waiting for the next hearing to come.
- Prem Khurana:** And we stick to our stance, right? I mean the ADR if they were to approve our cost we would like to go ahead?
- Prahalad Bhai Patel:** Yes, either we get the price escalation or we terminate the contract at this stage and we may go for arbitration against whatever cost which we have incurred till now.
- Prem Khurana:** And just to continue on this, when I look at order back up of almost Rs. 4000 odd crores, so this 600 is still not moving for us and there is another 126 which is essentially Pandharpur which is moving little slow for us or rather we are going little slow...
- Prahalad Bhai Patel:** Why do you want Rs. 6000 crores when pace is good enough to maintain at Rs. 4000 crores at 45%.

Prem Khurana: Just wanted to understand from the perspective and the recent order that we have won, like say this Mahila Batallion.

Prahalad Bhai Patel: Again, I say it depends on the type of opportunity which we get. Now you are talking about Central Vista, the single project, largest project which the L&T got was Rs. 3500 crores for the three secretariat building. And if we get qualified in Rs. 3500 crores and we got one building straight away we reach to the full order book of the year. So that depends on what type of opportunity we are getting, so we should concentrate on what is the better opportunity for the company rather than going on what size and numbers we can get in at the end of the year as order inflow. I would put it like that.

Prem Khurana: And sir just one last from my side, I mean on state mix the Rajasthan is almost negligible for us now. And even Maharashtra, I mean adjusted to these two we have nothing. So, any intent to kind of try and diversify in terms of geographic presence and then we get some orders in these two geographies. Any numbers in mind?

Prahalad Bhai Patel: There is nothing like, intent to diversify in these state or that state. It is always about where we have an experience. It is always about what type of project it is. It is always about what kind of competition it is. So, company should concentrate more on what would have type of project, whether the project is profitable for the company or not, we forget about the state then there is a project and that competition is niche. So, depends, we decide on that whether to go in that state or not or whether we have that experience in that state or not that all comes into picture when we get the tender in that state. So it is always decided based on the type of project, type of competition, type of prequalifying criteria and our own existence in that state. These are the whole 4 or 5 parameters which work on when we are diversifying in different state or not.

Prem Khurana: I was asking from the perspective, I mean given the fact that we already put in efforts or set up some, I mean you already have a set up in these two states, the idea would be to keep these resources occupied, right.

Prahalad Bhai Patel: You are absolutely right, but sometimes once we have bad experience in Maharashtra for this Bhiwandi and Pandharpur of course, you will think twice. But again, if you are going to bid for an Adani project, we are going to bid for those type of projects. So, depends on I said depends on what type of project it is which is the authority which is going to execute this project. So, such type of things are more important rather than the state.

Prem Khurana: And Hetal ma'am just if you could share the gross debt number as of 31st December, what was the gross debt on our book?

Hetal Patel: See, as I already mentioned the limit utilization was Rs. 84 crores and our long-term debt is around Rs. 30 crores which include precast loan of Rs. 20 crores.

Moderator: Thank you. The next question is from the line of Dipesh Sancheti from Manya Finance. Please go ahead.

Dipesh Sancheti: Just a question regarding the new, I mean in line with Surat Diamond Bourse made at Surat, there is also a plan for the Jewelry industry to make a manufacturing hub at Navi Mumbai. Now since you had a bad experience with Maharashtra government, are we going to bid for that project or we are not looking at anything like that?

Prahalad Bhai Patel: So, this association is different and Maharashtra government is different and Pradhan Mantri Aawas Yojana is different. So, it is not only about the government, it is again what type of project it is, how this project is getting to be financed? So when we talk about Pradhan Mantri Aawas Yojana it is mostly financed by the people who are going to apply for that project. And when we talk about such project there is always a fund, and if government is announcing such type of projects they already have a provision of those funds in their budget. But this project which you are saying, I think it is from a private association or the Gem and Jewelry Association. It has nothing to do with government organization. So probably if we are called for, we will always go and bid for this type of project and give our presentation.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Really, you are in the ever highest net profit in one quarter. Thanks for the same and you are doing fantastic things in company. Sir, my point is that this 9% net profit margin now sustainable for future quarters?

Prahalad Bhai Patel: See, again Naredi Ji, I always tell that it should be in the range of X and Y. So, we have always tried to reach the 9%, which maybe 7.5 to 8 or 8 to 8.5. So, we will try to remain in this type of range, when we bid for the project we go with some risk, calculated risk, but those risks should not be less than 5% or profit at the end of the day. So, we calculate those types of risks and we try to remain in the range of 7.5 to 8.5% or 7.5 to 9.5%.

Ravi Naredi: And sir, can you give some picture about the company in next 3 year where we will want to take up this company in topline growth or...?

Prahalad Bhai Patel: I usually calculate by multiplying by 20% growth each year, rest of the things you know better. Rest of the things I consulted more on my execution part. Rest you keep finding about, I am doing my job.

Ravi Naredi: Definitely, you are doing very fantastic work and god bless all of us, so we can grow in your leadership. Thank you.

- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Just one followup question. See, the debt of Rs. 185 crores has remained unchanged this December, right? September we had Rs. 185 crores, so it is the same only.
- Hetal Patel:** You are talking about gross debt?
- Jiten Rushi:** Yes.
- Hetal Patel:** Yes, right.
- Jiten Rushi:** And cash balance also would be around 195, cash and bank would be 195?
- Hetal Patel:** I have already mentioned Rs. 215 crores is the total bank deposit.
- Jiten Rushi:** But free cash is how much? 33 is the free cash, I am talking about other than...So, this 215 is cash and bank balance, total?
- Hetal Patel:** Yes. There is no other significant bank balance in other current accounts.
- Moderator:** Thank you. The next question is from the line of Manoj Rawat from HDFC Securities. Please go ahead.
- Manoj Rawat:** In terms of qualification, what is the certification from SDB project now?
- Prahalad Bhai Patel:** See, I think actually I am not able to hear you completely but I think you ask me a question what are the qualifications which we are going to get from SDB. I think if this is the question you want to ask?
- Manoj Rawat:** Yes, sir. Exactly.
- Prahalad Bhai Patel:** So that is what, I have already answered in my question that we have already bid for project of Central Vista based on the certificate an work which we have done. At the end of the completion of February and when we completely handover the project, I think we will be in the range of Rs. 2000 plus crores qualifying criteria bidding process as the company for a single largest project of up to Rs. 2000 crores.
- Moderator:** Thank you. The next question is from the line of JayShah from Navrang Enterprise. Please go ahead.

- Jay Shah:** I just wanted to ask if the project keep coming in, we have seen that the receivable days are going up. Is there any mechanism except for these 10% or 5% advances that we generally have with the contract that we are using to keep the receivable days in check?
- Hetal Patel:** See, as we have already mentioned in our earlier concall, so Yes, we have this mobilization advance and regarding the recoverability of dues on monthly basis, we have some ad hoc payments which is from the clients based on the tender term. So that we range within 70%-75% of the total billings only and the rest amount is released once the RA Billis certified. So, this receivable days, you are right that this will reflect some of the projects like which will fall, majority of work has been executed in the last month itself. So that amount of those recoverability will be reflected in next months. So if we see out of we have around Rs. 380 crores of receivables, so that amount will be recovered within two months.
- Jayesh Shah:** So basically, what you are saying in quarter 4 maybe that amount will start reflecting and which shall again come to our average or 60-65 days?
- Hetal Patel:** Yes, right.
- Moderator:** Thank you. The next question is from the line of Faisal Hawa from HG Hawa & Co. Please go ahead.
- Faisal Hawa:** Do we plan to get into other sectors like Railways or even like you know bus depots which are very popular in Gujarat or even 3-4 or even refurbishment for Railway stations and what kind of work do we see from hospitals coming up for us?
- Prahalad Bhai Patel:** See, as and when it depends on the type of contract .If the contracts are on PPP model where we have to invest and then we have to generate revenue, I think we are not 100% clear about going on such type of projects. So, if it is an earlier contract wherein government is paying you fully and then transferring to them which has been utilized by them only, so such types of redevelopment projects was like Railway station or bus station. Presently, I would say we are not so much keen to bid for such type of projects. But when these types of projects being developed directly by the government we surely quote for the tender. But if it is on a PPP model I think I am not too much interested.
- Faisal Hawa:** What about roads and hospital?
- Prahalad Bhai Patel:** Roads, railways I have been saying since last 4 years when we are not too much interested or that is not our forte or that is not what where we get qualified. So, building is our passion and we will try to remain in the building sector as far as possible.
- Faisal Hawa:** And sir what kind of percentage can we get business from the precast factory. What could be the revenue percentage?



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January 27, 2022*

Prahalad Bhai Patel: We see precast is something which is a new technology which we are trying to input in the sector of building construction when there is going to be a shortfall of labor in next few years. So presently it is very difficult to decide on what type of revenue we get, but the investment which we have made we are trying to make the calculation that these revenue can be converted into profit after 4 to 5 years.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that was the last question for today. I now hand the conference over to Mr. P.S. Patel for closing comments.

Prahalad Bhai Patel: Thank you everybody for participating in the earnings call. We hope we have answered most of your queries. If you have missed out on any of your questions, kindly reach out to our IR advisor, Christensen and we will get back to you offline. Wishing everyone to remain safe. Thanks again to all of you and thanks to Krishna. Over to you.

Moderator: Thank you. On behalf of PSP Projects Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.