



“PSP Projects Limited
4QFY2022 Results Conference Call”

May 27, 2022



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PSP PROJECTS LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the PSP Projects Q4FY22 Conference Call hosted by Ambit Capital. 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. Please note that a copy of our disclosure is available on the investor section of our website as well as the stock exchanges. Please note that anything said on this call which reflects our outlook towards the future, or which could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the company faces. With that, I would like to hand over the floor to our MD, Mr. Prahaladbhai Patel for opening remarks. Please go-ahead Sir!

Prahaladbhai Patel: Thank you moderator. Good evening to all analysts and investors who have logged into our earnings call. To begin with, I would like to summarize the macroeconomic situation of India. Indian economy appears to have got back to normal again beginning 2022-23 after an unfortunate effect of COVID-19, which directly and indirectly consumed nearly almost two years of 2020-21 and 2021-22. India’s policy makers are now faced with the task of nursing the economy so as to accelerate growth while restoring fiscal consolidation. For this purpose, it is appropriate to start with the union government 2022-23 budget, we believe the union budget was very supportive for the long-term growth of the infrastructure sector in India through its focus on urban infrastructure and the digital economy. The budget has focused on high-impact areas and accelerating the capital expenditure cycle by providing for sharp increase in capex outlay by 35.4%, which is likely to strongly augment infrastructure spend. In May 2022, in an attempt to improve the domestic steel availability and reign the steel prices, the union government imposed a 15% export duty on range of finished steel products, which is accounted for almost 95% of India’s overall finished steel exports in FY2021 and FY2022. Following the Russia-Ukraine war, global and domestic steel prices have risen sharply amidst rising energy prices leading to global inflation. Export duty on steel is likely to result in higher domestic supplies, thereby exerting the downward pressure on the prices of steel.

Now, I would like to highlight the key developments that took place in the company during the quarter and the full year. As you may be aware, the presentation has been uploaded on the stock exchanges and our website. Hope you had a chance to take a quick look at the numbers. As usual, instead of going through the entire presentation, I will walk through the key highlights of the quarter.



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We are very happy to announce that PSP Projects Limited has recorded highest ever order book till date of Rs. 4324 Crores. On the financials side, FY2022 has been the best performing year with revenue growth of 41%, recording a highest ever revenue of Rs.1749 Crores. EBITDA grew by 90% during FY2022 at Rs.257 Crores. EBITDA margin of 15% on full year basis.

On project side, one of the big achievements during the year was successfully executing Kashi Vishwanath Dham, which was inaugurated by our honorable Prime Minister, Shri. Narendra Modi Ji in December 2021, one of the most challenging projects, which we finished in record time of 20 months.

During the year, we successfully completed 17 projects. All the projects are completed in time. Total projects completed till date totals to 183 projects at the company level. Few of the noted projects for this year are, Noodle factory project in Gujarat for \$350 billion multinational company Nestle, sports complex for Ahmedabad University, construction of 2nd dairy project at Karnataka, hospital project in Udaipur, Rajasthan, interior fit-out of 300 rooms at Leela Hotel, Gandhinagar, Zydus Hospital at Baroda, Auda Library at Ahmedabad. As on March 31, 2022, the Government Residential and Government Projects comprised of 68% of the out of all the business verticals. As on date, we have 43 ongoing projects, of which 37% is based on Gujarat, 45% is based on UP, and 17% in Maharashtra. In our portfolio, EPC and Turnkey projects comprises of almost 92% and civil projects are about 8%. EPC projects include planning, designing, construction and post construction activities that has opened up horizons of growth for our company since the past few years.

During the year, the order inflow stood at Rs.1802 Crores as compared to Rs.2441 Crores during FY2021. The degrowth in the order inflow in FY2022 is largely because of the delay in awarding of the many projects and also because we have been selective in the opportunities that we are targeting for FY2023. Please note that Q1FY23, we already have an order addition of the extent of Rs.500 Crores, which we have already announced. The major projects awarded during the year are, Sports Complex of Ahmedabad Rs.503.56 Crores, Arcelor Mittal Nippon Steel plant worth Rs.257 Crores at Hazira, a repeat order for MRF group in Gujarat, affordable housing project for UP worth Rs.238 Crores and E&M for Gujarat Metro, Surat.

During the year the key Government Projects awarded are as below. New sports complex of Rs.503 Crores, Government Residential in UP is Rs.238 Crores, and E&M was for Gujarat Metro at Surat. Precast order inflow during the year was at Rs.59 Crores from Infrastructure, Residential and Industrial projects, out of which Rs.44 Crores is the outstanding order book. Bid pipeline, going forward we have a bid pipeline of

approximately Rs.4500 Crores, of which 52% is from private projects and around 51 project from the State of Gujarat.

An update about Surat Diamond Bourse, yes, almost the project is in the phase of handover. We have already handed over the towers. We have already handed over the Spine. Probably, the most of the building part and MEP part will be handed over by this month end and the rest of the activities, which is related to infrastructure can be completed by June 15, 2022 so we are at the verge of completion of Surat Diamond Bourse. An update on UP Medical College and Hospital, there are seven projects in all total. All projects mobilized and started. All projects are moving smoothly. We have two slow moving projects that is in Bhiwandi and Pandharpur, which together contribute to 17% of our total order books. The rest of all the projects are fully mobilized. Regarding the Bhiwandi project, we are in the discussion with Bhiwandi Nizampur Municipal Corporation about revival of the project with an escalated project cost of Rs.1050 Crores. We are hopeful about the fruitful outcome of the discussion and revival of the project in the near future. In Pandharpur also the project is at standstill. They are not able to pay us the payment till now, so they are still struggling for getting the members, so we are hoping that can be reason that we may have to go for legal, but as of now we are still discussing with the Pandharpur Municipal Corporation. With this I conclude my remarks and now I would like to hand over the call to Mrs. Hetal Patel to take us through the financials and one more request, as I have some committed meeting at 04:45 PM, so I will be leaving the meeting by 04:45 PM, so I would request all the analysts anybody wanted to talk to me should question me before 04:45 PM.

Hetal Patel:

Thank you Sir. Good afternoon, everyone. The financial performance during the quarter and year ended March 2022 is as below.

Q4FY22 versus Q4FY21:

The revenue from operations for the quarter is at Rs.555 Crores versus Rs.501 Crores in Q4 FY21, which is higher by 11% on Y-o-Y basis. EBITDA for the quarter is at Rs.88 Crores versus Rs.62 Crores in Q4FY21, which is higher by 42% on Y-o-Y basis. EBITDA margin is at 15.87% versus 12.39% in Q4FY21. Net profit for the quarter is at Rs.52 Crores versus Rs.41 Crores in Q4FY21, which is higher by 28% on Y-o-Y basis. PAT margin is at 9.36% versus 8.1% in Q4FY21.

The key highlights for FY2022:

Revenue from operations for the year was Rs.1749 Crores, which is higher by 41% compared to the previous year. EBITDA for the year was Rs.257 Crores, which is higher by

90%. Net profit for the year was Rs.161 Crores, which is higher by 99%. EBITDA margin for the year was at 14.67% versus 10.86% in FY21. PAT margin at 9.1% versus 6.4% in FY21. The revenue generated from Surat Diamond Bourse project was Rs.146 Crores during Q4FY22. Cumulative revenue till March 31, 2022 is Rs.1803 Crores out of total revised order value of Rs.1850 Crores.

UP project revenue during the quarter was Rs.85 Crores and revenue booked still March 2022 is Rs.149 Crores. Revenue from precast facility was Rs.15 Crores during the quarter. Regarding the Bhiwandi project, we have made provision for total expense incurred of Rs.9.64 Crores during the year. The same is included in other expenses. There is no significant change in revenue for the year on consolidated basis. If we look at the balance sheet numbers, the increasing property, plant and equipment is mainly due to precast factory installation and commissioning during the year. Total capital expenditure for our precast is Rs.110 Crores. Capital WIP of previous year has been capitalized during the year, which was mainly towards the precast factory. Decrease in non-current investment and non-current loan is mainly attributable to dis-investment in US entity, that is Rs.6.69 lakhs and repayment of outstanding loan of Rs.25 Crores by this entity. Increase in non-current other financial assets is mainly attributable to increase of Rs.114 Crores in fixed deposits with maturity in more than 12 months an increase of Rs.14 Crores in long-term retention money. Decrease in other non-current assets is due to reduction in capital advances compared to the previous year. Increase in other current financial asset is mainly due to increase in amount due from customers by Rs.22 Crores as compared to the previous year. Increase in other current asset is attributable to increase in advances to vendors by Rs.58 Crores. Non-current borrowing has increased as a result of disbursement of loan against precast machinery up to Rs.25 Crores, out of which current outstanding as on March 31, 2022 is Rs.20 Crores. Increase in other current liabilities is due to increase in mobilization advances by Rs.105 Crores, which mainly consists of UP project advances.

I would also like to mention few of the important balance sheet numbers as on March 31, 2022. Gross block of assets is Rs.342 Crores. Amount due from customers i.e. unbilled revenue is Rs.99 Crores, retention non-current is Rs.81 Crores, retention current is Rs.33 Crores, long-term borrowing is Rs.34 Crores, short-term borrowing is Rs.66 Crores, mobilization advance is Rs.137 Crores.

Working capital days based on annual numbers are as follows. Debtor days are 65, creditor days are 54, inventory days are 70 and total working capital days are 28.

Out of total credit facility of Rs.1047 Crores, utilized limit is Rs.549 Crores, out of which Rs.66 Crores are fund based utilization and Rs.483 Crores is non-fund based utilization. As



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on March 31, 2022, the company has total fixed deposits of which Rs.318 Crores out of which Rs.144 Crores are of free deposits. FD worth Rs.168 Crores are under lien with banks for credit facility and FDs given to clients for security deposits amounts to Rs.6 Crores. That concludes the updates on the financials and we are now open for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.

Shravan Shah: First of all, congratulations on a good set of numbers for the quarter and for the full year. I wanted your guidance for this year for revenue and EBITDA margin order inflow and capex?

P. S. Patel: Everything will be in line with what we have been doing till now because order inflow will be in the range of 20% to 25% growth from whatever inflows was there in this year. At the same time, revenue growth will be in the range of 20% to 25% plus within this range as we have been seeing last four to five years and as far as capex is concerned no more further capex till further orders and on an average we have been putting 3% to 4% capex every year, which will be within the range only and as far as EBITDA is concerned, I have always said it will be in range of 11% to 12%, although we depend on quarter-on-quarter and year-on-year on the verge of completion of the project it may vary but we assure you for 11% to 12%.

Shravan Shah: Okay. On the margin part, previously you were saying 12% to 13%, this year also we did 14.7%, the recent increase in the commodity prices that is the reason we are lowering the number or this is on the conservative side still we can manage 13% to 14%?

P. S. Patel: You can consider both. There will be some pressure in the terms of the commodity rise also and that there will be some pressure in terms of completion of the project also so the margin may vary depending on the situation, but now with the good news that the steel prices are going down, we are much happy that it will be within the expectation which the company has been doing and I am trying to be a little bit conservative also. So keeping 11% to 12% is after that thought process only.

Shravan Shah: Secondly, in terms of the bid pipeline, correct me if I heard wrong? You said Rs.4500 Crores, what is the number in the Gujarat and out of Gujarat and if you can help in terms of the couple of projects out of that?



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P. S. Patel: The bid pipeline was as I told you is there are few projects on private sector is 52% and on the government sector is 48% out of the Rs.4500 Crores and state-wise, there are 22% project from Delhi and 51% from Gujarat, 4% from Tamil Nadu so total Rs.4250 Crores, which we are bidding as on date.

Shravan Shah: Lastly on the recent Central Vista, the project, which is going to retender enclave project so are we eligible and still in terms of our eligibility have we got the SDB completion certificate, so now what is our eligibility and are we going to participate there?

P. S. Patel: Yes. We are going to participate, but the bid which we have shown is on the Delhi side is not for that project, but of course you are right that the tender has been re-invited and we are going to bid this time and we have already received the certificate duly signed by the client in whatever format it was required. That certificate was available to us just before the end of the closure the last time, so we could not bid that time, so we were disqualified, but that certificate we received just after the closure of that tender.

Shravan Shah: Now our eligibility is now Rs.3000 Crores in terms of the standalone level?

P. S. Patel: No. As of now we can take there will not be any problem as far as the same project and sometimes the qualifying factor remains the same there will not be any problem.

Shravan Shah: Lastly on the UP college, last time you said that we can see the Rs.50 Crores monthly run rate, but it has not reached, so what is the now status so broadly because that is the major main project so just trying to understand out of Rs.1350 odd Crores, how much we can look in terms of the revenue for this year?

P. S. Patel: Probably the trying to target which we are going then we would like to finish up the project by March 2023, so whatever revenue which has been left for the UP project our target and planning should be to complete the project by 2023, but due to some business related to the excavation and foundations, there were one to two projects which were much more delayed because of the foundation work not as per the thought process which we had and that took a little bit of time whether to go for pile foundation or whether to go for raft foundation. Also there was few decisions related to if we were going for raft foundation should we go for basement or not so there was some changes in terms of design also, so for that two projects could not give us that much revenue, but still the performance was not little bit on the lower side because of the work activity, which is going on, which is more on structure side and the finishing has just been started and have been approved from the client related to flooring and other finishing material. As for the **MEP** material, the orders have been placed so probably we would be able to generate more revenue this year.



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- Moderator:** Thank you. The next question is from the line of Ravi Naredi with Naredi Investments. Please go ahead.
- Ravi Naredi:** Thank you very much. Prahaladbhai, firstly, congratulations for completing Kashi Vishwanath Dham and SDB, as this is a prestigious project in PSP Company. You have mentioned order inflow of 20% to 25% possible this year, so can you give Rs.4324 Crores order is there as on March 31, 2022 or as on today?
- Hetal Patel:** That is on March 31, 2022. Rs.4324 Crores is the orders on hand.
- P. S. Patel:** Ravi what we have declared is the outstanding order book is Rs.4324 Crores which we have to do for the next two years. The question which was asked by shraavan was the inflow of orders, for which we said, since we have received last year Rs.1800 Crores so we will be having about 25%, you can say may be more than Rs.2000 Crores order inflow next year. This is what I mean to say by order inflow.
- Ravi Naredi:** Understand this. Sir the SDB is handover to their parties or still some work is pending?
- P. S. Patel:** As far as offices and towers are concerned, it has been handed over 25 days back and we are just in the verge of finishing the spine part, which is connecting all the nine towers which will be concluding by the end of this month, but the offices lying in this tower has been given to them and most of the offices are under construction and you must have seen in the newspaper that 4,200 people are going to do a Ganapathi Pooja on June 5, 2022.
- Ravi Naredi:** Very nice Sir. Really wonderful. Precast how is going and when it will cross the BEP level?
- P. S. Patel:** Precast is a new business. We are hoping now after seeing the plant and after attending one or two seminars, now people are coming back with enquires related to precast, so presently we are having so many enquiries from Reliance side. There are few enquiries from other industries also, warehousing, etc. There are a few enquires of redevelopment in the city areas like commercial building. At the same time the L&T order, which we have been disposing for this infrastructure project for the bullet train that is still on. probably this should be included in the near future.
- Ravi Naredi:** Okay really you are doing wonderful Prahaladbhai. Thank you very much again.
- Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.



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- Chintan Sheth:** Thank you for the opportunity and congratulations for very good set of numbers. On the subsidiary point, we received Rs.26 Crores in the cash flows, there is an outflow of Rs.8 Crores in the first half and the previous year total was around Rs.26 Crores and we did some provision last year? Have we reversed the provisions this year or it is still pending?
- Hetal Patel:** Yes, we have already reversed. It was mentioned in the last quarter's call itself that we made a provision of Rs.2.14 Crores last year so that already been reversed and we have received the full amount in totality the loan is received back and your question about outflow of Rs.8 Crores, that was I think in earlier quarters, we paid that and again that has been received back.
- Chintan Sheth:** So now there is no outstanding or provisioning outstanding as well?
- Hetal Patel:** Yes. The investment has also been nullified now.
- Chintan Sheth:** Okay and the second was on the Pandharpur Bhiwandi provisioning of Rs.9 odd Crores, we did this year? How much provisioning has happened in Q4?
- P. S. Patel:** Say your question again. What was your question?
- Chintan Sheth:** Rs.9 Crores of provisioning we did for the cost we incurred over there, how much we have provided in Q4?
- Hetal Patel:** That is around Rs.3 Crores. Up to December quarter, we provided Rs.6 Crores so now additional Rs.3 Crores were provided during Q4 and in totality now that expenses has been provided.
- Chintan Sheth:** It is really great to see the bid pipeline moving upwards from Rs.2500 Crores to Rs.3000 Crores few quarters back to now Rs.4500 Crores. You mentioned that we have received the completion certificate from SDB right and it has enabled us to bid for Central Vista okay?
- P. S. Patel:** Yes.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good evening, Sir. Congratulations on a good set of numbers? Sir my first question is on the eligibility on the Central Vista, so you said now you will be eligible for projects over Rs.2500 Crores standalone projects, am I correct?



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- P. S. Patel:** Yes.
- Jiten Rushi:** Sir this Rs.3000 Crores which you are targeting will happen only after the final completion of Surat Bourse project or we are already through it now?
- P. S. Patel:** No, the final completion certificate from Surat we have already received and whatever value we did till that time it was Rs.1575 Crores so based on Rs.1575 Crores certificate the project will land at more than Rs.1850 Crores but the Rs.1575 Crore's completion of the original order we can bid for Central Vista or we can qualify for both projects up to Rs.2000 Crores.
- Jiten Rushi:** Now with this Rs.1850 Crores you can bid for Rs.2500 Crores also?
- P. S. Patel:** No, upto Rs.2000 Crores and as we get the final certificate of Rs.1850 Crores then we will be able to bid for more than Rs.2000 Crores.
- Jiten Rushi:** Okay that when will we get final certificate?
- P. S. Patel:** Probably by the end of June.
- Jiten Rushi:** By the end of June, we should be getting the certificate. Sir one more thing on the P&L side we saw increase in employee cost in this quarter so assuming this should be the new run rate of employee cost, or we had some payment of bonuses or increment this quarter Sir?
- Hetal Patel:** Actually, there is increment also included.
- Jiten Rushi:** Sorry what Madam.
- Hetal Patel:** There is employee increment also included and increase in managerial remuneration also is there.
- Jiten Rushi:** So this run rate of Rs.25 Crores we should expect going forward broadly per quarter?
- Hetal Patel:** Yes. This will be going forward it will be maintained.
- Jiten Rushi:** Sir, on the Bhiwandi project so last quarter obviously we were talking about ongoing litigation for the increase in the project cost because of the cost escalation and issues we had moved the provision we completed made a provision of Rs.9.6 Crores so far. so now what next now like because still not moving and you were talking about the legal recourse or we will not do the project and the outgo will come out of it but still we are in the project both in



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Bhiwandi as well as Pandharpur so what can we assume going forward in these projects because our order back log is not moving because of that the large project so any thoughts you can give on it?

Hetal Patel: Regarding Bhiwandi whatever expenses we have incurred so that we have provided and there is one bank guarantee outstanding so that will be shown under contingent liability and that amounts to around Rs.6.73 Crores, other that we do not have any further liability for this project but as Sir already mentioned that we are in the process of talks with the Bhiwandi Municipal Corporation, so we will see how that materializes.

Jiten Rushi: When we can see the conclusion for this project because it is now almost more than one and a half years now so any conclusion?

Hetal Patel: We have filed arbitration so I think in the next June there is a date so there must some conclusion on that date.

Jiten Rushi: This arbitration date is in June?

Hetal Patel: Yes.

Jiten Rushi: So probably next month we should get some conclusion?

Hetal Patel: Hopefully we should.

Jiten Rushi: If in the arbitration they will not increase the cost if at all then we will not go ahead with the project right?

Hetal Patel: Yes of course because now Rs.600 Crores of value will not materialize in any profits.

Jiten Rushi: Madam on the Pandharpur side also which Sir said last time there are two phases. The second phase has not picked up but in the first phase you are expecting some payments because there were some bookings happening in Pandharpur, so the first phase has also received payments from the customer or that is project is still stuck?

Hetal Patel: No that is still stuck. We have stopped work over there because we are asking around Rs.17 Crores of long overdue payments. That needs to be at least partial amount has to come in and then we can restart the work till, then we will not be able to perform any further work in on that project.

Jiten Rushi: That is stuck as of now.



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- Hetal Patel:** Yes.
- Jiten Rushi:** Madam that is it from my side. Thank you all the best.
- Moderator:** Thank you. The next question is from the line of Ankit Sonkhiya from Oculus Capital Advisors. Please go ahead.
- Ankit Sonkhiya:** Thanks Sir for the opportunity and congrats on a great set of results. Sir I just wanted to understand, the majority of the infrastructure companies have been facing a lot of issues because of raw material price increases but even in this year we have been able to increase our margins substantially to 15% and the last quarter was even more than that so what is the reason for that? How we get affected by these material price increments and how we have passed on these prices, because I think that the orders that we have are fixed price contracts so why we did not get affected by these sudden increase in the raw material and the second question is next year guidance for EBITDA margin is 11% to 12% only which is a huge decline from the current levels so are we seeing increased competitive intensity on the new orders that we are getting that we have received so far as and we are foreseeing in future so what is the reason for this sudden decline in the EBITDA margin or is it only a conservative approach that we are basically taking here?
- P. S. Patel:** There is one more reason. The main reason for getting net profit or the EBIDTA is that we see an EBITDA of this year, if we see the 17 projects we have completed and the major projects which we have completed is Noodle factory at Gujarat and then Sports Complex at Ahmedabad, then Dairy project, then Surat project, then Zydus at Baroda and then order at Ahmedabad almost all these projects are private projects so all those projects which are private, most of the cement, steel and other materials are pass through so we did not face too much on that pressure side. Secondly Surat Diamond Bourse was getting completed and Bombay Stock Exchange forum project also getting completed there are a few issues related to the project which was going on since the last one to one and a half years related to some part as dispute of the items and all those things getting over, so some revenue of those sites which we thought that this can be concluded. This cannot be concluded and has also been effected in this year's revenue, so keeping all these things in mind the EBITDA margin has shot up little bit 1% to 1.5% you can say 2% higher than what we always say and talking about future why I am saying decline, it was not a decline but every time I really say 11% and 12% this always go plus 1% so you can consider that we are little bit conservative and at the same time the projects which are not showing any price escalation in the future like UP project may get affected also so this is how we project our EBITDA margin for this year.



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- Ankit Sonkhiya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.
- Keshav Garg:** Sir I wanted to congratulate you for great numbers. Sir I just wanted to understand that since the past two quarters we are doing over Rs.50 Crores profit after tax and so just wanted to understand whether going forward on a quarterly basis we can maintain this quarterly run rate of over Rs.50 Crores profit after tax or is it that the project that we executed last year were high margin contracts and going forward the projects that we will execute the margin would be lower so hence this kind of profit after tax number might not be sustainable?
- P. S. Patel:** So it is not only about that, when you bid for the project, there is some need of the projects like some of the projects that are carrying price escalation, some of the projects are not carrying price escalation, some of the projects are private sector projects wherein cement, steel and other finishing materials has base rates so that impact of rise in those material is a pass through so it all depends on mix of the project and all depends on what type of activity will be there on each quarter, so now presently if we say we have almost Rs.1600 Crores to Rs.1800 Crores project from UP that the price escalation is not there but the pressure of the cement and steel prices what we were having till now but now since the last time after the declaration of cut on custom duty, in the steel, the rates are coming down. Copper rates have come down substantially. so probably this year if those things are not impacted much we still remain in that range.
- Keshav Garg:** Sir lastly wanted to understand Sir in general what's your approach, as many contracting companies have gone bankrupt or went into hard times like construction consortium like BL Kashyap, etc., so basically these companies the clients went bankrupt and they could not get their money back so they fell into trouble. Sir what are we doing that in the future we do not get stuck with some projects wherein we put our own money to execute the project and then we do not get the money from the contracting party who has given us so how can we save ourselves from this?
- P. S. Patel:** See first and foremost thing which we told is that is more about the discipline which we follow in terms of creditors and debtors. so that way we are very strict on managing the project, making the bids on time, managing the debtors' payment on time and once you are through with such type of things and if your performance is good on the project side, I do not see any problem of not getting the payment from the client side on time. There may be, out of 40 sites we can have one or two sites but this cannot be on major sites so that should

not happen to a company who are good at performance with their well disciplined and well organized in terms of making this and getting the payments on time so what you are saying cannot be standard practice in a construction company.

- Keshav Garg:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.
- Shravan Shah:** Thank you Madam. Hetal Madam, you say that this Rs.25 Crores employee cost so out of that how much is the extra increment and bonuses and the managerial remuneration which has been part of this?
- Hetal Patel:** On annual basis if you see the incremental managerial remuneration is Rs.8 Crores so that we need to take out so accordingly you can annualize.
- Shravan Shah:** So Rs.8 Crores out of Rs.25 Crores, Rs.8 Crores this time it has come which was not last quarter so last quarter it was Rs.16 Crores so this time Rs.8 Crores was extra but this Rs.8 Crores was the extra but this Rs.8 Crores will continue from the next quarter or it is an annualized number?
- Hetal Patel:** No it is annualized number. If you want to means estimate the next year's employee cost, you can take the whole annualized cost for the whole year.
- Shravan Shah:** And not the Rs.25 Crores?
- Hetal Patel:** It will be in that range.
- Shravan Shah:** Because in the previous reply we understood that the Rs.25 Crores is the quarterly run rate employee cost will continue so that is just want to clarify?
- Hetal Patel:** It is not right. We need to look at the annual number so that will continue.
- Shravan Shah:** Secondly Hetal Madam if you can repeat the Rs.549 Crores was the utilized funded non-funded limit and out of that the breakup if you can repeat again?
- Hetal Patel:** Yes, sure. Total credit facilities Rs.1047 Crores and out of that utilized limit is Rs.549 Crores and fund based utilization is Rs.66 Crores and non-fund based is Rs.483 Crores which totals Rs.549 Crores.



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- Shravan Shah:** Got it and Sir in terms of the UP project you said that the escalation was not there in steel and in cement so just trying to understand when we bided and if we take the today's steel and cement prices how much is higher versus what we bided?
- P. S. Patel:** Yes, it was almost 18% to 20% higher than that what we guided, but that was the period when we sort of two to two and a half month that it was at the peak but when we started off it was in the same range where we have quoted so now presently the rates are going down and if you can get to that level within one or two months, I think there will not be much problem.
- Shravan Shah:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Thank you for taking up my question. One thing on the order backlog can you share the fixed price contract share?
- P. S. Patel:** Out of this Rs.4200 Crores?
- Jiten Rushi:** Yes, the current order book, how much was it?
- Hetal Patel:** I think 50% including the UP projects and Bhiwandi, Pandharpur projects those are fixed priced contracts.
- P. S. Patel:** So it must be somewhere in the range of 60% almost 60% to 70% will be in that range.
- Jiten Rushi:** Sir coming on the Q4 gross margin which was at almost 22% plus what was the exception which we bid in Q4 which resulted in high gross margin within the current rising cost and commodity cost? Is it because of the booking of completion of major projects in Q4 which resulted in higher gross margins and some cost reversal? Is my understanding correct?
- P. S. Patel:** Yes, it is both as I have already said that most of the projects which is completed this year they were mostly private projects, and some of the high level projects like BSE Forum, Kashi Vishwanath and the Surat Diamond Bourse, all being the turnkey projects they were having some small disputes which got cleared before the completion, so that can also impact to the revenue and also impacted the EBITDA.

- Jiten Rushi:** The normal run rate, current commodity cost situation normalize going forward probably from Q3 or Q4 or close to one year then we can expect EBITDA margin of around 13% if at all things normalize?
- P. S. Patel:** Yes, if everything normalized, we can expect 12% to 13%. There is no doubt about it.
- Jiten Rushi:** Sir you have highlighted there are some Rs.4500 Crores outstanding bid. So Sir any high value project in this other than Central Vista?
- P. S. Patel:** Yes, there are a few projects, one commercial project in Mumbai. There is one government residential project in Delhi, that is Rs.1000 Crores, then Medical College and Hospital in Gujarat which is Rs.550 Crores, then staff colony for an industry which is in Gujarat that is Rs.450 Crores and a museum project of Rs.120 Crores in Gujarat, and some industrial expansions of existing client in Sanand that is Rs.130 Crores. So these are some large value projects which is more than Rs.152 Crores plus so that is apart from Central Vista, because Central Vista we have not included in the bid pipeline.
- Jiten Rushi:** This Rs.4500 Crores does not include Central Vista?
- P. S. Patel:** No.
- Jiten Rushi:** So that Central Vista would be around Rs.1500 Crores?
- P. S. Patel:** Yes, it is Rs.1172 Crores when it came first when this tender was rejected.
- Jiten Rushi:** So basically, these commercial projects in Mumbai, is more of real estate one right for private developer?
- P. S. Patel:** No. The project is from a private developer. I think only project that is Rs.1000 Crores commercial project in Mumbai, rest of all the projects are from government and private sector private corporate.
- Jiten Rushi:** So these projects will include cost escalation or not?
- P. S. Patel:** Yes, some of the projects when it is government also there is always an escalation through RBI index but that depends on the technical terms and conditions from project to project.
- Jiten Rushi:** Thank you and all the best for the new financial year. Thank you, Sir.



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- Moderator:** Thank you. Due to time constraints we are closing the question and answer session. I would now like to hand the conference over to the management for closing comments. Please go ahead.
- P. S. Patel:** Thank you everybody for participating in the earnings call. We hope we have answered most of the queries. If we have missed out any of our questions kindly reach out to our IR Advisor **EY**, and we will get back to you offline. Wishing everyone to remain safe. Thank you.
- Hetal Patel:** Thank you everyone.
- Moderator:** Thank you. On behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.