

**Ref No: PSPPROJECT/SE/35/19-20**

**August 16, 2019**

Corporate Relations Department  
BSE Limited  
Floor 25, P.J. Towers,  
Dalal Street, Mumbai- 400 001  
Scrip code: 540544

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051  
Scrip Symbol: PSPPROJECT

Dear Sir/Madam,

**Subject: Earnings Conference Call Transcript for the quarter ended June 30, 2019**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Copy of transcript of Q1FY20 Earnings conference call held on Friday, August 09, 2019.

Kindly take the same on your record.

Thanking You,

For **PSP Projects Limited**

  
**Mittali Christachary**  
Company Secretary



Encl.: As mentioned above.



**“PSP Projects Limited  
Q1 FY2020 Earnings Conference Call”**

**August 09, 2019**



**ANALYST: MR. ALOK DEORA - YES SECURITIES**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to the PSP Projects Limited Q1 FY2020 Earnings Conference Call hosted by Yes Securities. 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 this 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. Alok Deora from Yes Securities. Thank you and over to you sir!

**Alok Deora:** Thank you. Good evening everyone. We welcome you all for the Q1 FY2020 Earnings Conference Call for PSP Projects. We thank the management for giving us the opportunity to host the call. From the management side, we have with us Mr. P.S. Patel, Chairman, MD & CEO, Mrs. Hetal Patel, CFO.

I would now hand over the call to the management for opening remarks, post which we will have a Q&A session. Thank you and over to you Sir!

**P.S. Patel:** This is P.S. Patel, good evening ladies and gentlemen, Chairman and Managing Director and CEO of PSP Projects Limited along with me is Mrs. Hetal Patel, CFO, welcomes you all on this call, which focuses on our company’s performance in quarter one FY2020. Before we move to financial statistics and performance of quarter one, I would like to throw light on few of the key developments of this quarter.

Company bagged order worth Rs.848 Crores till now out of which 762 Crores was received in quarter one; the order is mainly in industrial, institutional, and government residential sectors. The first major projector is EWS, housing project at Bhiwandi, Maharashtra amounting to Rs.601 awarded by Bhiwandi Nizampur City Municipal Corporation. The project consists of 6048 units of EWS housing with a built up area of 27.71 lakh square feet this is the key project to us. So right from design to construction MEP works to final finishing and hand over in our scope.

This is our second order in Maharashtra in a span of less than six months both they awarded projects are under Pradhan Mantri Awas Yojana. So again we are privileged to be a part of government’s most key focused area that is Housing for All.

Another prestigious project awarded to us is Palladium Mall at Ahmedabad worth Rs.91 Crores by SGH Realty LLP. This mall is going to be the largest mall of Gujarat, the client SGH Realty is a JV of Phoenix Group Mumbai and the bSafal Group Ahmedabad for whom we have successfully completed a high-rise residential project called “Safal Seventy” last year only so again our performance towards time and quality has been paid off and repeated orders from our clients are continuing.



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We have successfully completed four major projects in the quarter which took our numbers of completed projects to 124 till June end. The major projects which we completed are New court building project at Bhadra, Ahmedabad. One of the three packages awarded by MRF Limited at Dahej, Cath Lab, operation theater and ICU for Gujarat Cancer Society.

So company's outstanding order book as on June 30, 2019 is Rs. 3402 Crores including 49 projects under execution, without the Surat Diamond Bourse Work on Hand is Rs.2334 Crores. Company has booked Rs. 307.29 Crores revenue from operation this quarter where we have about 31% of year-on-year growth.

Present Bid book is ranging between 2500 to 3000 Crores major are Vedanta, JKP, Lucknow, Prestige Commercial Project at Pune, the Varanasi ReDevelopment, GIDC project in GIFT City, projects of WTE plants and Astronomy project in Science City Ahmedabad, till now in this quarter Surat Diamond Bourse work project is about 80 Crores.

Talking about USA update we told yes previous also the first project which we getting is Livermore is almost completed and we have kept and open house at 1.45 million per house which is a process which is going on. So we are expecting those properties to be sold in a month or so.

So these are the key highlights from my side for detailed financial disclosure, I will request our CFO, Hetal Patel to take it forward. Thank you everyone to be a part of this call.

**Hetal Patel:**

Thank you Sir. Good afternoon everyone and welcome to the call. Let me first give you highlights on standalone financial results for the quarter ended on June 30, 2019. Company had booked revenue from operations of Rs.307 Crores for quarter one, which has increased on YoY basis by 31% as compared to previous year's first quarter revenue of Rs.235 Crores. The revenue generated from SDB project was Rs.94 Crores during first quarter. Total revenue booked for SDB at the Surat Diamond Bourse project till June 30, 2019 is Rs.508 Crores.

EBITDA for Q1 is Rs.43Crores, which has gone up on YoY basis by 29% compared to previous year's first quarter EBITDA of Rs.33 Crores. EBITDA margin stood at Rs.13.89% for quarter one ended on June 30, 2019.

Profit after tax including other comprehensive income for the quarter is Rs.25.52 Crores, which has increased at year-on-year basis by 23%, which was Rs.21 Crores in first quarter of previous year. PAT margin stood at 8.17% for quarter one FY2020.



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Revenue from operations on consolidated basis is Rs.308 Crores which is almost similar to the standalone numbers as there are no significant transactions in subsidiary companies.

Now I will brief about the work on hand data: the total value of work on hand of Rs.3402 Crores as on June 30, 2019, which comprises of Rs.1067 Crores for Surat Diamond Bourse Project and Rs.2335 Crores for other projects.

The outstanding order book excluding SDB project of Rs.2335 Crores is distributed over four regions. 63% within Gujarat, 32% will be executed in Maharashtra, 2% in Karnataka and 3% of work on hand to be executed in Rajasthan.

This other project work on hand comprises of 49% institutional projects, 33% from government residential, 8% from industrial projects, 6% from government projects, and 5% from residential project.

With this, I end up giving the highlights of company's financial performance. Now we are open for question and answer session. We request the moderator to go take it forward.

**Moderator:** Thank you very much Madam. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Chintan Seth from Sameeksha Capital. Please go ahead.

**Chintan Seth:** Thanks and congrats for the good set of number. Sir SDB order execution seems bit low at 93 Crores versus 83 Crores last year, is it planned or are there any slowness in execution because of heavy rains that will be my first question Sir?

**P.S. Patel:** The first quarter as you all were pretty aware that pre May, June it is always a critical penetration for all the contractors and because of election if you know in that April and May was not so much we were having shortfall of labors. So there is a bit slag otherwise there is no problem in terms of overall project.

**Chintan Seth:** The current quarter is facing any issue because Gujarat and Maharashtra is witnessing heavy rains currently, are there any delays because of the heavy rains, so the execution kind of also...?

**P.S. Patel:** No, no, no, as far as Surat is concerned only the big heavy rain is since last two or three days. So I think it will impact to an extent of six, seven days more, but they do not impact too much on the overall progress of the award.



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- Chintan Seth:** Sir, in terms of inflow guidance you continue to maintain the revenue generate we have planned to execute year or are there any upward revision to order heading because we already halfway through 860-odd Crores till now?
- P.S. Patel:** Yes, so still we would like to see the right opportunity at the right time because we have already reached to 840 and my goal is not to go beyond 1600, 1700 Crores as planned, so will we be still at still in terms of getting the orders in next six to nine months.
- Chintan Seth:** Hetal, any update on working capital how the collections and inventories are now because last year 4Q we had some blips in terms of higher inventories and have they moderated or collections have been smoothened out?
- Hetal Patel:** Collections are on the same line and even inventories also see the execution level at even SDB project electrical, MEP and other stock we have to keep. So still the same level has been maintained compared to quarter four of 2019.
- Chintan Seth:** And payables we have, last quarter I assume we have paid earlier because materially we wanted to bring it on board, so payment cycle is kind of comfortable right now does it mean so...
- Hetal Patel:** Yes, payment cycle is also in the same line around 50, 60 days.
- Chintan Seth:** I will join back in queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Maulik Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir just wanted to once again if you can highlight the larger projects that we are looking at this Vedanta or Jamnagar and maybe couple of others, what is the status when it can be done now what is the change? Is there any change in the amount?
- P.S. Patel:** See Vedanta I think we had one discussion while I was in Mumbai that they have revised the tender instead of going for three locations they are now ask for one location. So volume of the project which we were discussing was about 1800 Crores to 2000 Crores which has reduced to 500 Crores to 600 Crores now, because we instead of going for three locations now they are going for only single location and that second bid revised bid has already been submitted and we are waiting for the final negotiation maybe by next week.
- Shravan Shah:** Sir now the total value for one location is only 500 Crores to 600 Crores you are saying or it has been reduced by 500 Crores?



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**P.S. Patel:** No, no, no, it will be the total work will be, this will be in the range of 550 Crores to 600 Crores.

**Shravan Shah:** So now there will be a 500 Crores to 600 Crores two locations, two projects would be there.

**P.S. Patel:** No, no, only one location now instead of three because previously there were three locations so about 600 each now they have reduced the overall scope to a single location and we have bid for only single location now. So this will be in the range of 550 to 600 Crores.

**Shravan Shah:** What about Jamnagar?

**P.S. Patel:** Jamnagar Nayara still we have no news from that side, so still we are waiting, we can bring any news, they have not even said that the order yes the tender has been made scrapped also so we are not sure what is happening there.

**Shravan Shah:** So in terms of other opportunities river front or any other ratio you want to highlight?

**P.S. Patel:** See there are other few projects as I said 2500 to 3000 we have already bid for so then one I would like to say some of the projects we have bid for Prestige for one project in Pune there is Varanasi development is yet to come in Varanasi, there is one more project from GIDC that is in GIFT City they are also coming up between one tower in GIFT City, astronomy department, Astronomy building we call it in Pine City which is also about 200 Crores which we already bid so these are some of the projects and Aparna IT Park which is in Hyderabad that also a project of 400-plus Crores which we have already bid.

**Shravan Shah:** And outcome for this would be known in next two months or three months?

**P.S. Patel:** Let us see in one and half months two months yes.

**Shravan Shah:** So in case if we get couple of them may be about 1000 Crores plus then...?

**P.S. Patel:** Yes, 1000 Crores plus we should reach any time within one or two months.

**Shravan Shah:** So then for the full year then we would be crossing 1800 Crores, 1900 Crores or maybe 2000 Crores kind of a range so in terms of then next year?

**P.S. Patel:** Still I feel that we have projection of order inflow of about 1500 Crores compared to 1300 Crores, 1400 Crores have given in this year, so any good opportunity then we may cross 1500 plus but otherwise we will have to remain in the same range which we have thought of.



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- Shravan Shah:** Madam how much capex in the first quarter we did and what would be the normal capex and if any of these projects comes in then the last time we talk about around 2% kind of a capex of the bigger size new inflow. So will it remain the same?
- Hetal Patel:** This quarter we have infused around 4 Crores only so there is not much requirement as we have infused capex in previous year, but yes of course if any of new order is clicks then we will be putting.
- P.S. Patel:** That depends on the requirement of the project so if it is a general project then there would not be any requirement as far as we are getting sufficient materials free from Surat Diamond Bourse and if there is a specific requirement yes we can consider 2% to 3% of new capex.
- Shravan Shah:** Lastly on the SDB Sir, the last time we have talk about 700 Crores, 800 Crores revenue particularly now we would be doing interior works leaves and all these things. So have all this started and are we on track in terms of closing booking that kind of revenue this year.
- P.S. Patel:** Yes, we have already placed the order open the LC for Toshiba and they have already put in some material at site we have received some materials at site. So they have already started their work at site, so lift work is on, work hard work though we plan for to start somewhere in the month of May, June but I think we have delayed by two months because of approvals and all that, but still now everything is over and we have already started installation of work hard at site also. MEP work was already on, so more or less things are moving on track as far as other apart from civil things are getting lined up.
- Shravan Shah:** That is, it from my side and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Aagam Shah who is an Individual Investor. Please go ahead.
- Aagam Shah:** Congrats on good set of numbers. Sir just question on SDB. If you can just tell me again what is the quantum of work done till now. How much revenue is recognized?
- Hetal Patel:** Till now we have recognized 508 Crores.
- Aagam Shah:** And we are on track on completing it by June 2020 right?
- P.S. Patel:** No, but project may get delayed by three, four months because already the structure is almost over but there are few issues related to finalization of the finishing material. So structurally we are going through five towers are already completed and bridge work is also completed take below two floors,





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but we are not able to start finishing which was the basic rate item so we are waiting from the clients to get approval so that may get delay the project by three, four months.

**Aagam Shah:** One more question I had was on the in terms of whatever we are hearing slowdown in the economy so are we facing as such any issue in that or your comments on that?

**P.S. Patel:** As far as slowdown of economy is concerned most of the clients with whom we are working we have not faced that much problem, but yes of course the sentiments of the individuals are affecting to the extent but practically we do not have any problem related to that slowdown of economy to our clients not being on time.

**Aagam Shah:** That is from my side and all the best.

**Moderator:** Thank you. The next question is from the line of Niral Shah from Phillip Capital. Please go ahead.

**Niral Shah:** Good afternoon Sir. Thanks for the opportunity. Sir my question is sir you have invested around 145 Crores in assets so what are they basically?

**P.S. Patel:** 145 Crores in assets.

**Niral Shah:** Yes.

**Hetal Patel:** These are mainly plant and materials, shutting materials all construction equipments it includes.

**Niral Shah:** So we buy our own assets or we do also hire?

**P.S. Patel:** No, probably as far as building construction is concerned anything required to construct a building majorly requirement is RMC plants, pumps, power cranes and shutting material these are the core materials which we required as far as building construction is concerned and usually company never go for lease if it is required on a longer time, if we require for a shorter time of one or two months we may sometime go for lease, but in general as a policy we never work on these.

**Niral Shah:** So you buy all the machineries, construction equipment machineries.

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

**Niral Shah:** Sir looking at the order inflow till date you have received and the overall outstanding bid you have done 2500 to 3000 Crores so what kind of revenue you can deliver in let us say one to two years.



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**P.S. Patel:** See as we have been saying every time that we will be expecting and targeting of a revenue growth of 25% to 30% so next year also mean 2020 I am expecting revenue to go beyond 1300 Crores to 1400 Crores.

**Niral Shah:** In FY2020.

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

**Niral Shah:** Sir and the margin would remain same at 14% or it would improve.

**P.S. Patel:** Yes, you people always say 14% I always say within the range of 12% and 14%.

**Niral Shah:** So whatever order book we have right now of around 3400 Crores so what would be the EBITDA margin on that?

**P.S. Patel:** Is it 12% to 14% is the EBITDA margin what we are talking.

**Niral Shah:** 12% to 14%.

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

**Niral Shah:** Sir there is no debt in the book right.

**P.S. Patel:** As of now no, there is no debt.

**Niral Shah:** Thank you Sir. That is, it from my side.

**Moderator:** Thank you. Next question is from the line of Rachit Kamath from Anand Rathi. Please go ahead.

**Rachit Kamath:** Thanks for giving me this opportunity. Sir actually we do not finance debt but the user CC and OD limits, so I just wanted to know how much do they stand at?

**Hetal Patel:** See currently what we have done is like from our FOD limit we have withdrawn some FDs and utilized it for our working capital, so there is not much utilization remained from FDOD it will be around 15 Crores, whereas CC limits yes we have utilized around 20 Crores till date and the other non-fund base limits utilization is for LCs which we have opened for this Surat Diamond Bourse project for elevators and other SVSC equipments. So total utilization out of 610 Crores of facility we have utilized 400 Crores of limits mainly bank guarantees and LCs.



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- Rachit Kamath:** Towards LCs and bank guarantees.
- Hetal Patel:** Yes.
- Rachit Kamath:** What cash provision do we have in our books now?
- Hetal Patel:** Cash position will be around if you exclude all bank FDs which we have placed as margin free cash will be around 60 Crores.
- Rachit Kamath:** 60, so if I add this 15 Crores so that is there to that margin or money or something will be around 75 Crores.
- Hetal Patel:** Yes.
- Rachit Kamath:** Madam what kind of working capital days are we looking at going forward because we are talking about this Vedanta, we are talking about 1000 Crores of project getting added in the coming months we have already have 848 Crores already in our kitty so that is already 1800 Crores already that we have in our order backlog. So as we start executing in the coming quarters given the Q3 and Q4 tend to be heavier quarter. So how do we see our ramp up affecting our working capital cycle?
- Hetal Patel:** Yes, we utilise CC limits till the payments are received on a monthly basis so some utilization of our book debt and CC facility will be there in the coming quarters it will be between 30 Crores to 50 Crores.
- Rachit Kamath:** So you are saying this 20 Crores amount will go up to almost 40 Crores, 50 Crores kind of amount.
- Hetal Patel:** Yes, it may go up because we have to pay for this LCs and all and the amount may come subsequently once the material is received here.
- Rachit Kamath:** Capex guidance, like we are not doing anything apart from this 4 Crores and that only dependency win for the project.
- Hetal Patel:** Yes, right.
- Rachit Kamath:** Particularly I wanted to understand that revenue guidance I could not get you a clear picture could you repeat it again for me?
- P.S. Patel:** Revenue guidance as I said that it will be in the range of 1300 Crores to 1400 Crores next year.



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- Rachit Kamath:** 1300 Crores to 1400 Crores for FY2020.
- P.S. Patel:** Yes.
- Rachit Kamath:** Thank you Sir for giving me this opportunity.
- Moderator:** Thank you. The next question is from the line of Niral Shah from Phillip Capital. Please go ahead.
- Niral Shah:** Sir my question is, are we facing any receivable issue right now because of the liquidity crunch and all that?
- P.S. Patel:** As of now, no.
- Niral Shah:** So what will be our receivable days Sir?
- P.S. Patel:** Usually it is in the range of 35 to 40 days.
- Niral Shah:** 35 to 40 days, and Sir when we get let us say orders so in first year how we recognize our revenue sir at what percentage we recognize our revenue?
- Hetal Patel:** See revenue is recognized on this percentage of completion basis as per this Ind AS means whatever performance obligation is completed and which we can bill that we are billing on monthly basis.
- Niral Shah:** On monthly basis, and so let us say our outstanding order is around 3400 Crores, so what will be the time duration of project completion.
- Hetal Patel:** It will range between 24 to 30 months.
- Niral Shah:** 2.5 to 3 years may be 2 to 2.5 years.
- Hetal Patel:** Yes.
- Niral Shah:** Is there any penalty or something like that if there is a delay in project completion.
- Hetal Patel:** No, not as of now.



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- P.S. Patel:** See far as standard concern condition there is always a penalty clause for most of the tenders but in general if you say the track record which the is company is having we have never face any penalty on any of our projects.
- Niral Shah:** Sir lastly this government is continuously giving focus on affordable housing and low cost housing so are we getting any traction from the same.
- P.S. Patel:** We have already got two orders. We are doing one project in Pandharpur and one large project we have received last month only one and a half month we have that is from Bhiwandi so there are few projects are still going to come from Maharashtra itself, but plus we would like to focus on what we have started.
- Niral Shah:** So this is from the government side?
- P.S. Patel:** Yes, because in affordable housing Pradhan Mantri Awas Yojana from government side.
- Niral Shah:** Sir, can I get your revenue mix how much is from the government, how much is from the private side and the commercial?
- Hetal Patel:** Yes, it has already been given in the presentation and you can have a look at it.
- Niral Shah:** Thank you Sir. Thank you Madam. That is, it from my side.
- Moderator:** Thank you. The next question is from the line of Aagam Shah who is an Individual Investor. Please go ahead.
- Aagam Shah:** Just wanted to know for the full year going by the revenue guidance and order book are we planning to raise any debt or the working capital and the bank CC would be enough?
- P.S. Patel:** No it will be enough for, at least for till 2020 March we do not required any revenue addition of working capital.
- Aagam Shah:** So no debt or nothing what we get?
- Hetal Patel:** See we do have unutilized CC and book debt limit so that we may require to use but no further new debt will be required.
- Aagam Shah:** Thank you. That is, it.



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

**Aditya Choksey:** Thanks for giving me the opportunity. My question is for the Astronomy Science City Project. I just want to know what is the ticket size of the project sir you have bid for?

**P.S. Patel:** It is about 200 Crores.

**Aditya Choksey:** It is about 200 Crores.

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

**Aditya Choksey:** Thank you.

**Moderator:** Thank you. The next question is from the line of Yash Lokwani who is an Individual Investor. Please go ahead.

**Yash Lokwani:** Thanks for giving me the opportunity. I just wanted to ask about the GIFT city projects you talked about last time, are there any major updates now?

**P.S. Patel:** See GIFT city projects already we are almost at the end of the project of Prestige it is almost getting completed. All elements completed and rest of the project only project which is going on full fledged is BS VI tower and we are also bidding for one build project which is coming from GIDC they are also coming up different tower which they are going to make for the IT based industry.

**Yash Lokwani:** About the Livermore Project you had in the States, it was delayed by a couple of months?

**P.S. Patel:** Livermore project you are talking about USA.

**Yash Lokwani:** Yes.

**P.S. Patel:** I have already told you and I will just brief you that the project is almost over and we have kept an open house at 1.45 million which we are waiting that once we get concluded will be sold in a month or so.

**Yash Lokwani:** Thank you.

**Moderator:** Thank you. The next question is from the line of Sriram Kumar from Spark Capital. Please go ahead.



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**Sriram Kumar:** Thanks for the opportunity. Sir given that we are having government orders right now in the mix affordable housing project so earlier our billing cycle was monthly billing cycle 15 days to pay the bills. So 45 days of receivables. So how does it change right now Sir after the government order we have received?

**P.S. Patel:** See in government orders it is not necessary that you make bill after there is no specific time for making the bill it is a standard practice to, so I make the bill every month so it depends only in case that the government is not having fund and they take the bill after one month or maybe in two months but usually the practice remains the same to submit the bill every month.

**Sriram Kumar:** It could actually increase rather than instead of this 45 days it could actually go up of 16 days in case there is lack of funds that is what you are trying to say, correct?

**P.S. Patel:** In case, that there are usually Pradhan Mantri Awas Yojana these are the projects which is where the people are more interested to get the houses so usually we have never seen any finance lagging when we were doing in Gujarat there were no scarcity of funds as far as the projects are concerned.

**Sriram Kumar:** Sir you spoke about delay in SDB projects because of finalization of material. So what exactly has the nature sir, I mean, I am not able to understand that?

**P.S. Patel:** See the flooring and finishing materials are at basic rate so any benefit out of the rate of the materials goes to the client so client is cautious about buying the materials because they have to finalize the rate before we start purchase, conclusion of those materials and getting the materials from the market, if they have taken too much time so we are expecting a bid they have almost finalized but still we have not place the order to all the finishing material supplier so that much is the delay.

**Sriram Kumar:** Sir SDB if I am not wrong we had advance deposits for the payment of the projects correct. So is that advance deposits fully in or is it higher than what we have done right now. How is it panning out the advance deposit?

**P.S. Patel:** Your voice is very low, please speak loudly?

**Sriram Kumar:** Sir SDB project generally we had before the start of the project we had received deposits to cover more than 50% of the project cost. So now we have progressed with 500 Crores of execution, so how does the deposit has increased or not.

**P.S. Patel:** You mean to say deposits which deposits.



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- Hetal Patel:** Are you talking about mobilization advance?
- Sriram Kumar:** From the merchants who have booked the space, retail space?
- P.S. Patel:** See merchants who is book the office is it sir Surat Diamond Bourse?
- Hetal Patel:** That we are not aware about means what are that...
- P.S. Patel:** See actually the project was started and designed in a such a way that the clients were decided prior to designs of the old project. So as informed by us by the committee that 90% of the offices have been already sold so they are getting by installments money from their tenants which we are not too much aware about how much my payment has come and how much my payments are left of each payment because we are getting the payment on the committee.
- Sriram Kumar:** Thanks.
- Moderator:** Thank you. Next question is from the line of Debashish Mazumdar from Edelweiss. Please go ahead.
- Debashish Mazumdar:** Congratulations on a good set of numbers. Sir I wanted to ask that what will be your revenue guidance fir SDB Project for FY2020?
- P.S. Patel:** SDB we will be in the range of between the 700 Crores and 750 Crores.
- Debashish Mazumdar:** 700 Crores to 750 Crores
- P.S. Patel:** Yes, for the whole year.
- Debashish Mazumdar:** Will the delay of three to four months effect any further or this guidance be maintained?
- P.S. Patel:** Probably it will not effect too much because now most of the activities have started so it would impact too much, but let us see 700 Crores to 750 Crores we are still targeting.
- Debashish Mazumdar:** Thank you sir.
- Moderator:** Thank you. Next question is from the line of Aditya Choksey who is an Individual Investor. Please go ahead.





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- Aditya Choksey:** Sir I just wanted to ask one more thing that out of the expected orders is the Vedanta the biggest order you have applied for?
- P.S. Patel:** Presently you can say yes because Nayara was also a part of the bid book which still we have not received any of the confirmation that was more than 700 Crores what we see at Nayara then 550 Crores is the maximum, yes.
- Aditya Choksey:** Do you expected to receive the order within a months' time in one and a half months' time, Sir?
- P.S. Patel:** I always expect I get all the orders but it depends on the board, but yes it will be concluded in maximum 15 to 20 it is a maximum one month.
- Aditya Choksey:** Thank you so much sir. All the best.
- Moderator:** Thank you. Next question is from the line of Chintan Seth from Sameeksha Capital. Please go ahead.
- Chintan Seth:** Thanks for the followup. Relegated to advance to US subsidiary what is the figure as of June? Have we provided with any more loans to our US subsidiary?
- Hetal Patel:** No, no we have not said hence any further amount to US Company.
- Chintan Seth:** So it stands at 24-odd Crores.
- Hetal Patel:** Yes 24 Crores that is it.
- Chintan Seth:** Madam is it possible if you can provide at least working capital numbers every quarter if possible like debtors?
- Hetal Patel:** See because in normally we are not preparing balance sheet numbers thoroughly on a roughly basis only so it is not possible but let us see means we will try for this.
- Chintan Seth:** Sure Madam thanks for considering. Thank you that is all.
- Moderator:** Thank you. Next question is from the line of Niral Shah from Phillip Capital. Please go ahead.
- Niral Shah:** Sir whenever we book the order or we receive the order do we get any advances from the clients?



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- P.S. Patel:** Yes, most of the clients have advances but few of the clients will then we will give the government project usually there is no advance for that because as private projects are concerned yes it is always an advance of time and minimum 5 and maximum 10 for that.
- Niral Shah:** Minimum pardon Sir.
- P.S. Patel:** 5% and maximum 10%.
- Niral Shah:** Sir whatever increase in the let us say our raw material prices like steel or cement, so is it passed on?
- P.S. Patel:** Yes, as far as private projects are concerned it is always passed on.
- Niral Shah:** And what about government project Sir.
- P.S. Patel:** Government project we have to consider in or there?
- Niral Shah:** And sir what is the proportion of government project in overall outstanding order book?
- P.S. Patel:** I think we have already given in presentation.
- Niral Shah:** That is, it from my side. Thank you Sir.
- Moderator:** Thank you. Next question is from the line of Piyush Sarawagi who is an Individual Investor. Please go ahead.
- Piyush Sarawagi:** First of all, congratulations on good set of numbers. Sir I would like to get a view from you on the general construction industry the overview of the industry like has it been and how what is your view about the sector.
- P.S. Patel:** As far general construction is concerned after getting it with a stable government we are expecting so many works to come from government side in terms of buildings also as means they are going to go for more and more and at the same time since the economy is going to grow there will be so much investors from the industrial and corporates also. So presently we feel that there will be too much work to come in next one to two years.
- Piyush Sarawagi:** Sir what about the liquidity crunch on a general level so are you feeling like in pain because of that as of now or you do not feel there is any such hindrance from that side?



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- P.S. Patel:** As far as our company is concerned till now we have not face any problem because of liquidity crunch to my clients but in general the market sentiments and the banks getting more and more strict and for most of the companies that may give some impact to some of the clients but as of now we have not face any problems of such type.
- Piyush Sarawagi:** Thank you so much, Sir.
- Moderator:** Thank you. Next question is from the line of Rachit Kamath from Anand Rathi. Please go ahead.
- Rachit Kamath:** Sir actually I wanted a data point regarding what is our mobilization advances still now like you have that in your books now and how much more are we expecting in that front?
- Hetal Patel:** 142 Crores.
- Rachit Kamath:** Madam how much more are we expecting in the coming year?
- Hetal Patel:** It depends on the project which we have taken if the main project comes in...
- P.S. Patel:** And each month there is a recovery of 10% from whatever mobilization advance we have received so on a whatever revenue you do deduct 10% again from the work done so it is not being reduce all.
- Rachit Kamath:** Yes, I understand that Sir, just vacancy of bills that you submit I was actually looking at it from a point of view like if a cash flow how is it. Since this money comes in a lump sum so just get. I am sure since you complete a lot of our projects on a quarterly basis like this quarter so we finished four projects I wanted to understand what is the retention money that we are having that is coming back to us?
- P.S. Patel:** That also ranges between 2.5% and 5%.
- Rachit Kamath:** 2.5% to 5% of sales.
- P.S. Patel:** Total work.
- Rachit Kamath:** 2.5% of total work. So how much are you planning to receive in this yearend like since you have an idea as to which projects you may complete?
- Hetal Patel:** Yes, that will be like a continuous process means whenever defect liability period is going complete it will be releasing this retention money.



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**Rachit Kamath:** Thanks a lot.

**Moderator:** Thank you. Next question is from the line of Manan Patel from Equirus Portfolio Management System. Please go ahead.

**Manan Patel:** Thanks for the opportunity. Congratulations on good numbers. Sir I wanted to understand your strategy on government project so it is almost around 27% so do you have any limit in mind that you would not go beyond this in government projects beyond a particular number?

**P.S. Patel:** No. I will, it is not norm, policy companies having related to government project but it will be always target for the right opportunity and if we are getting at the right rate then we may go for government projects.

**Manan Patel:** Sir what is your strategy in covering raw materials because you mentioned that the price fluctuation that you have to take in your account what would be your strategy related to that.

**P.S. Patel:** No, we cannot have any strategy. That depends on the time and at the start of the project before we put looking to our past experience the variation of risk which comes throughout the year we put it in the beam which nullifies or which can take care to an extent of whatever escalation which is going to come in the project.

**Manan Patel:** Sir my next question is related to order book so we are almost now around 2 to 2.5 years of revenue on the order book side so I wanted to understand is there like is there a number in mind that you would like to keep a tab on so you might not go beyond two or three or four years of revenue so do you think on those terms?

**P.S. Patel:** No that is not so also not a constraint that also depends. Every management has a bandwidth of minimum 20% and maximum they can grow by 40% so that depends on the opportunity and at what price we are getting this on track so if we are getting it is on track at the right rate we can stretch our order inflow but in general there is no such criteria.

**Manan Patel:** Sir what are the challenges that you are now executing almost 49 projects so is there a challenge that you face in scaling of that to like taking that number up from 49 to say 60 or 70?

**P.S. Patel:** The challenge for any good construction company is the incremental operational staff through the quality of people which you are having and the quality of people who are already associated with you to improve their quality and improve to our standard that is the only challenge because getting that



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people right from the market and increasing for a new project does not make sense so every year we can have an incremental 30% to 40% growth at the same time we have to infuse on good quality people every year.

**Manan Patel:** So is that kind of talent available or you have to groom that?

**P.S. Patel:** We have to groom better than getting the talent from the market I think grooming the talent we think the company is better.

**Manan Patel:** Thanks a lot Sir. That is, it from my side.

**Moderator:** The next question is from the line of Shriram Kumar from Spark Capital. Please go ahead.

**Shriram Kumar:** Thanks for the opportunity again. Sir just to clarify the affordable housing project that we have own are they fixed rate contract projects or is it variable?

**P.S. Patel:** It is a fixed rate contract.

**Shriram Kumar:** Is that all the PMA projects are fixed rate contracts?

**P.S. Patel:** Usually it is yes.

**Shriram Kumar:** Thank you.

**Moderator:** The next question is from the line of Nishant Bagrecha from Equirus Securities. Please go ahead.

**Nishant Bagrecha:** Thanks for the opportunity. Sir just wanted to have an update on SDB front. So we were in talks with authorities regarding the interior work for some of the offices so is there any update on that?

**P.S. Patel:** With regards to the plant was done in the SDB also give a principal approval to go for interiors but presently we have not decided on that part because we are already having sufficient work at this project side so as of now we can say we have not too much thought of on the interior side.

**Nishant Bagrecha:** Thank you.

**Moderator:** Thank you. As there are no questions from the participants, I now hand the conference over to the management for closing comments.



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**P.S. Patel:** Thank you very much everybody for this call. Anything else if you have to say from your side you can say or otherwise thank you and once again we thank everybody to participate in this call.

**Hetal Patel:** Thank you everyone.

**Moderator:** Thank you very much members of the management. Ladies and gentlemen, on behalf of Yes Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.