

**Ref No: PSPPROJECT/SE/72/21-22**

**November 02, 2021**

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- Q2FY22**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our earlier letter vide ref no.: PSPPROJECT/SE/67/21-22 dated October 22, 2021, please find enclosed copy of transcript of Q2FY22 earnings conference call held on Wednesday, October 27, 2021.

Kindly take the same on your record.

Thanking You,

**For PSP Projects Limited**

  
**Mittali Christachary**  
**Company Secretary & Compliance Officer**



Encl.: As above



**“PSP Projects Limited  
2QFY2022 Results Conference Call”**

**October 27, 2021**



**ANALYST: MR. VARUN – AMBIT CAPITAL PRIVATE LIMITED**

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



*PSP Projects Limited*  
*October 27, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the PSP Projects 2QFY22 Results Conference Call Limited hosted by Ambit Capital Private 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 Mr. Varun from Ambit Capital. Thank you and over to you Sir!

**Varun:** Thank you so much Aman. Good afternoon, everyone. We are very pleased to welcome you all to PSP Projects 2Q and 1HFY22 post results earnings call. Today, we have from the management, Mr. P.S. Patel, Managing Director and CEO of the Company and Mrs. Hetal Patel, CFO. In terms of flow of the call, management will discuss the results and then we will open the call for Q&A. Sir over to you!

**Mitali:** Thank you Varun. Good afternoon, everyone. We are pleased to welcome you all to our earnings call for 2QFY22. Please note that a copy of our disclosures is available on the investor section of our website as well as the Stock Exchange. Please do not 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 this I would like to hand over the floor to our MD, Mr. P.S. Patel for his opening statement.

**P.S. Patel:** Thank you Mittali. Good afternoon, everyone. We heartily welcome you all to the conference call of PSP Projects Limited. I take this opportunity to wish all of you a very Happy Diwali and Prosperous New Year in advance. Let us hope we all have a wonderful, successful & most importantly a healthy year ahead. .

I shall highlight our performance during the 2Q and Half-year.

- During the half-year, we have received standalone orders worth Rs.637 Crores which includes a major order from multinational company to build a steel plant at Hazira. We are pleased to inform you that we have been qualified as L1 bidder in three projects worth Rs.343 Crores for which we are expecting the orders soon. This would lead to PSP’s order book to go up to Rs.980 Crores till now.
- As of September 30, 2021 our total order book stands at Rs.4150 Crores, all the projects are fully mobilized other than the EWS Housing Project in Maharashtra. These two projects together constitute only 18% of the total order book. During Q2 all our projects are operational at optimum capacity, PSP has led through a faster execution of projects and resulted in a better revenue generation of Rs.390 Crores

higher by 61% on year-on-year basis. During 2QFY22, we have completed six projects out of which two major projects completed includes Dairy Project at Karnataka and Medical College and Hospitals in Udaipur, Rajasthan. This makes the total projects completed by PSP Project till date to 174. During the quarter, under review, we have completed the construction of precast factory, we have received our first order from facilities of Rs.30 Crores; however, we are awaiting the final approvals, which we are expecting to receive in due course of time. Going forward we have the bid pipeline of approximately Rs.3000 Crores of which 75% is from private project and around 65% from the State of Gujarat.

- I am pleased to inform that during Q2 FY22, the company has been awarded second-fastest growing construction company below Rs.2000 Crores capex for the third year in a row during Construction World Annual Award 2021 in Mumbai.

Regarding Surat Diamond Bourse, I have been saying this since Q1, that the project is on the verge of completion and we are to complete the project by December this year. Payment of Surat Diamond Bourse as of now till date is on track, there is no further issue related to this. After completion of Surat Diamond Bourse, we will be eligible for bidding up to Rs.2500 Crores, so probably once we get the final completion certificate by November or December we will be in a good position for the larger project of government.

Regarding UP Medical College and Hospitals, during the second quarter we had started getting the revenue from all these projects out of which only one project has not yet started because there was change in foundation, it was related to filing but otherwise, all the projects have been started in foundation level.. This concludes my planned remarks and now I would like to hand over the call to Hetal Patel to take us through the financials before we open the floor question and answers.

**Hetal Patel:**

Thank you Sir. Good afternoon everyone and welcome on the call.

Let me first give you highlight on standalone financial results for the quarter ended on 30th September 2021. Company has booked revenue of Rs 390.44 cr for the quarter ended on 30th September 21. The revenue generated from Surat Project was Rs 79 crores during this quarter. Cumulative revenue till 30th September 21 is Rs 1,564 crores.

EBITDA for the quarter is 55 cr which is 14% on revenue from operations. Total revenue booked for Half year is Rs 707.79 crores and EBITDA of Rs 94.12 crores, which is 13.30% of revenue. Net profit for the quarter is arrived at Rs 36.61 cr which is 9.27 % of the total revenue. Net profit for half year is Rs 61.72 cr, 8.62% on total revenue Regarding Bhiwandi project expenses, out of total expenditure of 8.67 crores which is shown as WIP in the financials, , we have made provision for expenses of 2.90 crores during the quarter. The

same is included in other exps. There is no change in revenue for the year on consolidated basis. Net profit as per consolidated financials 36.41 crores which is 9.22% of the total revenue. Total expenditure incurred for the Precast unit is Rs 99 Crores till 30th September 2021 out of which 55 crores shown under Capital WIP. Working capital days on standalone basis are as follows: Debtor days are 82 Creditor days are 57 Inventory days are 20 days Total working capital days 45 days Out of total credit facility of 1047 crores, utilised limit is 556 crores of which 116 crores are fund based utilisation and 440 crores is non-fund based utilisation. Work on hand as on 30th September 2021 is Rs 4150 cr, which comprises Rs 210 crores for Surat Diamond Bourse project. As on 30th September 2021, The company has total fixed deposits of 221 crores out of which free deposits of Rs 58 crores, FDs worth Rs 158 crores are under lien with Banks for credit facilities and FDs given to clients as security deposits amounts to Rs 5 crores. With this I end up on giving key highlights on the company's financial performance and now we are open for question and answer session, so request the moderator to take it forward.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Kunal Sharma from SMC Private Wealth. Please go ahead.

**Kunal Sharma:** Thanks for the opportunity. Couple of questions I have. Can you give some color on the Surat Diamond Bourse project? It is like going to be completion mode, so it is the larger order till date we have received, so do we have any other order in the range as Surat Diamond Bourse?

**Kunal Sharma:** Then the second I just wanted to ask how are we competing the bidding from the other big players just wanted to know about like competitive advantage do we have over others?

**P.S. Patel:** About Surat Diamond Bourse we have already said that the project is on the verge of completion and after completion our bidding eligibility will go up to Rs.2500 Crores and in the near future after March 2022 it will be Rs.3000 Crores. The Central Vista project announced is for Rs.15000 Crores out of which there are two projects of Rs.3200 Crores and Rs.1500 Crores, so in total Rs.4700 Crores of central vista projects we have been already declared, so still there is Rs.10000 Crores of project to come from Central Vista, but there will be an opportunity for the last mile project in near future from Central Vista. This is the project which we know otherwise there can be some other projects throughout India, but these are the projects which have been discussed and hence it is trying to come up.

As far as bidding is concerned yes, the competition is always there in any bidding process, but as far as PSP is concerned we always bid for the projects when there is a niche competition at the high end for the last mile project and when it is a small price project

when we are working in a private project, we have better people, the organized contractor and in the projects of Rs.100 Crores to Rs.200 Crores, there is not much competition as the large companies like L&T, Shapoorji, NCC and JMC, they do not bid for smaller projects of Rs.200 Crores. So this is the status, in competitive bidding from government there is a niche competition, the companies are large, and when it comes to project of Rs.200 Crores in private sector, the competitor company's do not enter, so we have a better advantage.

- Kunal Sharma:** I just wanted to know like what is the timeline of the project duration on an average?
- P.S. Patel:** On an average when we talk about the last project which was declared by government of Rs.3200 Crores, the timeline given is usually 36 months, it has been 30 months or 36 months last project, so probably all these fresh projects will not be more than two-and-a-half years period.
- Kunal Sharma:** Thank you and wish you Happy Diwali.
- Moderator:** Thank you. The next question is from the line of Sharavan Shah from Dolat Capital. Please go ahead.
- Sharavan Shah:** Thank you and first of all congratulations for great set of numbers, also congratulation for winning the award for the third consecutive year for the second-best construction company. First, just coming to the project, you said Rs.210 Crores STB revenue to be booked in this quarter, second Kashi Vishwanath Rs.149 Crores order is pending so that is also most likely to be completed by December?
- P.S. Patel:** Yes.
- Sharavan Shah:** In UP Medical College is now the monthly run rate would be Rs.35 Crores, Rs.40 Crores would be also this quarter we can say Rs.110 Crores, Rs.120 Crores odd kind of revenue in this quarter?
- P.S. Patel:** Yes.
- Sharavan Shah:** Why I was asking this broadly if I add this so we can easily see Rs.500 Crores, Rs.600 Crores kind of revenue because these three put together numbers itself is Rs.500 Crores odd, so Rs.500 Crores, Rs.600 Crores kind of quarterly run rate now we will be seen, so in terms of the overall revenue guidance which we were previously saving 25%, 30% I think are we upgrading that number?
- Sharavan Shah:** Revenue guidance that we previously said this year FY2022?

**P.S. Patel:** You are absolutely right that we have been following the revenue projection of 20% to 25% from what we had from the previous year, but usually company fixes conservative estimates and this way also you are absolutely right that this figure should go beyond Rs.1600 crore and that we target which I was expecting, but in reality what happens in our industry, there are some spillovers, so even if we are saying Rs.210 crore to be coming from Surat, Rs.149 crore to come from Kashi and Rs.120 crore to come from the UP projects, you are absolutely right this is surplus but it can also spillover to the second quarter, so according to you we should revise our revenue statement of projection, yes you are right, but I think it is necessary to keep uncertainty also in mind..

**Sharavan Shah:** Secondly, in terms of margin front, so whatever the commodity price hike there in terms of steel, cement I think we are having a notion in terms of whatever we are reporting, so are we comfortable there or we can see some kind of pressure in the next one or two quarters?

**P.S. Patel:** Actually, these two projects as far as RMC is concerned, we have almost finished all the work to be done and as far as UP projects are concerned, yes we have completed the spillover date based on March 2021 and probably there is a further rise in the last quarter, but it will be within the range of extensive around 14, which we always consider as a part, otherwise I do not see any major events.

**Sharavan Shah:** Lastly on the bid pipeline, I think last time we have talked about the Rs.1000 Crores largest temple in Ahmedabad and we were also looking at IIT projects worth Rs.850 Crores in Delhi and apart from that so if you can update on the bid pipeline?

**P.S. Patel:** There are three projects which we have already mentioned, and we said that the other projects, we got from the lease of the projects what we are talking about is some Rs.50,000 Crores? You want the name of the project?

**Sharavan Shah:** Name of the projects, so anything more added in bid pipeline and also what are the projects in the bid pipeline and any of them the larger one Rs.1000 Crores temple in Gujarat and the IIT in Delhi when likely tenders to be or award to be happening?

**P.S. Patel:** There are two things which you are saying as I have always said that up till now, as far as Central Vista is concerned about Rs.5000 Crores project tender has come up and Rs.5000 Crores projects has been concluded till one of them more major tender is coming up, we are not sure, but it will be coming in by month-end, so that is there a bit of at least four to five tenders we are accepting before March and the rest of the projects which we have already been saying to you, which are the projects we are considering Rs.3,000 Crores, one project of Adani in Mumbai which is about Rs.300 Crores, one in Gujarat Faculty Institute in Bhavnagar which is about Rs.290 Crores. There is one project of Torrent Pharmaceutical

which is going to be corporate office, which is about Rs.200 Crores plus, there is one project of Central Vista which is CPD which is a small project Rs.214 Crores, there is one more project from pharmaceutical kind of Torrent of Rs.200 Crores. Berger Paints Rs.150 Crores, Kirloskar plant another 30 Crores, in Karnataka which is not a large project of Rs.100 Crores, warehouse for Reliance Industry which we have already paid Rs.100 Crores, Vishwanath Dham that tender has already which we have received which we won only the foundation part Rs.300 Crores, VT is coming up with the new plant at Savli, which is about Rs.100 Crores. In our model situation of which will wrap it around which is going to come for Ahmedabad and this is for Adani it is about Rs.100 Crores. I think it is almost all the major projects which we have been bidding and there are few projects which we have already paid that can be the new project which is Fort Complex of Gujarat which is about 707 Crores plus and the second last project it has been already announced and paperwork is going on architecture and architecture is also appointed which is about Dadri plant which is about Rs.10,200 Crores still we are waiting for the tenders to come, but positively I am expecting before March, these two tenders should to the outflow part. Plenty of opportunities if you come from Gujarat in different times whenever there is an opportunity in UP especially the Gujarat mobilise, I believe we are expecting so these are the key areas that we are going to be. Sharavan, your question is over or you are asking?

**Moderator:** Thank you. The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

**Nitin Arora:** Bhiwandi and the Pandharpur project, just wanted clarity on the direction side on two aspects; one is how we should look this project now, write off any which can come up going forward how this will get settled more of a direction question. Second on the order pipeline which you just discussed, I think we got decent orders in the first half, can you throw some light instead of the whole pipeline where is the probability higher of you getting L1 or getting to close the order? That is my second question and third on the UP projects, can you throw some light on the working capital part of the UP projects? These are the three questions. Thank you Sir.

**P.S. Patel:** Regarding Pandharpur project, the project is on they have already booked three houses for the first stage of Rs.70 Crores, but the payment has to come from the members so they are not able to pay us on time, as the payments from the banks, in a month will start coming back, so we have held up this project in the view of getting the payment, but probably that payment will come so that we are expecting, hence, there is nothing to lose on Pandharpur project. Regarding Bhiwandi project, as we are the lower cost and then now we had approved upper cost for lower cost has just given as an expansion of the scale on the working of that where it is till November 30, and we went to High Court for question of this arbitration, so probably that hearing will be coming soon and once we get the target, and

taking the project and to negotiate with the government for at least whatever expenses which they want to terminate the contract or if they want to revive the project, they will talk on the price escalation part, there is no problem, but the worst scenario is Rs.8.47 Crores which have been already paid, but the worst needs to be cleared from Bhiwandi project that was your first question. Second question was, you have asked for UP working capital, what is your second question?

**Nitin Arora:** Just a followup here. When you said Rs.45 Crores, correct me if I am wrong, the worst case scenario in arbitration let us say, if government goes or the authority goes against you that should be the maximum write off should be taken into account?

**P.S. Patel:** There is no point of government going against us, because there is not any document proof which can prove that the project has been delayed by us.

**Nitin Arora:** I am asking question from a notional standpoint.

**P.S. Patel:** There is only the notional loss Rs.6.73 Crores bank guarantee which is lying with them, that is the only loss which we have to pay, and they do not give us about bank guarantee there, if the performance of the project is not good that is the only money which they are having with them and they can revoke that bank guarantee.

**Nitin Arora:** Perfect, clear Sir. You can go ahead with working capital on the UP project that is my last question, thank you.

**P.S. Patel:** UP working project which we were using, it is 10% mobilization advance against this 10% interest presently we have gone up to 5% of mobilization advance and that goes up to 1600 Crores, for all the projects but presently we have this from 5% that is Rs.80 Crores and now Rs.80 Crores is more than sufficient for us as of now to continue the project and manage with working capital, so this is how we are managing the working capital for UP project.

**Moderator:** Thank you. The next question is from the line of Navid Virani from Bastion Capital. Please go ahead.

**Navid Virani:** Good afternoon, Sir. I have couple of questions. First one just wanted to understand from a short to midterm perspective are we planning to bid for a different type of project which we have not executed so far?

**P.S. Patel:** No.

- Navid Virani:** The second one is specifically on the government projects which we are currently executing, so just wanted to have some idea on the escalation clauses which are a part of that project, just wanted to have some color there?
- P.S. Patel:** As far as government projects are concerned, there is no escalation clause throughout the project, there is no ups and downs on the project on the government side, and we have to complete within the year. we have to absorb the escalation related to rise in the market and all,
- Navid Virani:** That is it from my side. Thank you and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Sitaraman R from Spark Capital. Please go ahead.
- Sitaraman R:** Thank you. Sir, I am able to see there is an order book of close to Rs.30 Crores in the precast facility, so what is the plan that you have for the precast facility from a revenue standpoint over the next few years and also from an EBITDA margin and PAT margin standpoint over the next few years, if you can give some light on that, it would be helpful?
- P.S. Patel:** This facility has been created for the purpose of building and to an extent for infrastructure, to be used for different stations of bullet train, so that is the first order which we have got. We are envisaging in future working with the large high rise buildings up to 35-storey and that should be in the range of minimum Rs.100 Crores per year and that will be more than sufficient for us in terms of capitalizing and for the project to come out within five years.
- Sitaraman R:** Compared to the other projects for instance currently you have EBITDA margin is close to 14%, so just particular precast facility itself is going to lift your margin in the long run or how is it going to play out because Rs.100 Crores seem to be a quite a good proportion from an order book perspective and also from an execution perspective, how is it going to play out on the overall P&L?
- P.S. Patel:** Basically EBITDA margins, when we consider, when we go on calculation about the precast plant, majorly it is based on the sales civil package of what we have, because the things have been made at the factory level and it is sold in time, so first it comes in the way of the precast but the only thing is when there is a big timeline then the people want a good quality, durable packet and the project to be completed on time, there we can have a better edge to get more margins, otherwise the EBITDA margins will be in the same range what we are doing in the last 15 years.

- Sitaraman R:** Okay and on the revenue front, how do you expect this segment to grow over the next, where did you expect in the FY2023?
- P.S. Patel:** As far as executing the plants using precast facility part is concerned, I am a little bit bullish, but because the way things are moving, labor prices and the timeline for the projects are going to be more critical. We are expecting one or two buildings once constructed, consider a situation like we will be seeing and believing, I think it will go to the overall construction market. We have constructed our precast facility right on time and there is going to be huge work to come from the construction field, so I am little bullish, it is only about seeing and believing, but let us see when we get the building project and most of the people visiting our premises, we are confident on getting order to be executed using precast facility.
- Sitaraman R:** Is there any ballpark number you can give like on the medium term basis is revenue from precast going to contribute 15% of the total revenue or 20% of the total revenue?
- P.S. Patel:** As I said, minimum Rs.100 Crores and maximum Rs.150 Crores. The size of the facility which we have created can be converted into Rs.300 Crores with the minimum addition of 20%, 25% of machinery, but presently we are expecting a minimum of Rs.100 Crores and maximum Rs.120 Crores revenue.
- Sitaraman R:** Can you just tell the FD position on the limit portion that it was mentioned earlier, I just missed that particular part?
- Hetal Patel:** There are Rs.221 Crores of total FD and out of which Rs.58 Crores of pre-FD and with bank we have Rs.168 Crores and Rs.5 Crores are the clients given us security receipts.
- Sitaraman R:** That fund based limits and all?
- Hetal Patel:** Yes, fund based limit it is Rs.116 Crores and long term basis is Rs.440 Crores.
- Sitaraman R:** Thank you.
- Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.
- Chintan Sheth:** Thank you for the opportunity and congratulations for the good set of numbers. Sir, couple of questions, one is on receivable, working capital cycle if we look at the receivable days has jumped up quite a bit during the quarter, is it temporarily in nature or we expect it to normalize by the year end that is one. Second is in the cash flow statement, I can observe

Rs.8 Crores of advances in subsidiaries given during the first half, so if it is pertaining to the US subsidiary and how should one expect recovery of that funds from US subsidiary to our company in the subsequent period? If I look at margins for this quarter adjusted for 2.9 Crores provision for the Bhiwandi projects our margins look really strong, any colour how this can be sustained and what are the reasons for such margin recovery during the quarter? Thank you.

**Hetal Patel:**

Chintan I will answer your first question regarding receivables. The numbers which are shown, majority of revenue was in the month of September, so in the month of October till date we had already received around Rs.120 Crores of funds. Just because of the revenue booking mostly happened in September month, the receivable has increased. The conducive amount is where we can say it is not there is around 23 Crores. Yes you are right in cash flow 8 Crores we have sent remittance to INC and that is for the additional service which we are doing over there, so that is for approval and all.

**P S Patel:**

We have been saying that we are trying to find out a private partner because this money was required for some of the license for those projects to go on. Otherwise, we are not going to invest on the construction part, so probably once we get the right partner for the company. We are expecting that we should close by March and that can be managed from the internal accruals, and it should come back limited.

**Chintan Sheth:**

If I am wrong, please correct me, the recent stake by the promoter are we not looking to buy out the company stake in US and then lookout for the private investor or it will happen through private investor?

**P S Patel:**

Both can be possible. It can be by family also and it can through a private partner.

**Chintan Sheth:**

Okay by March end we expect this to close?

**P S Patel:**

Yes.

**Chintan Sheth:**

Lastly on margin front any one off where we save cost during the quarter?

**P S Patel:**

See there are two or three things in this case. The margins depends upon the type of activities that are going on in that particular quarter and secondly presently what is happening our last mile project like Varanasi and Surat Diamond Bourse are getting into the verge of completion, so whenever things are under completion some of the milestone payments come at the end so that is the reason that this margin has gone up. I think in the previous question, this is sustainable but at least we can say that it will be in the range of what we have been thinking now.

- Chintan Sheth:** Right Sir. Okay. That's all. Thank you and all the very best and Happy Diwali to the team.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Congratulations on a good set of numbers. My first question is on the EBITDA margin, so what is the guidance on EBITDA margin now Sir for this financial year and next year?
- P S Patel:** I think that I already answered to the previous caller where I said that the EBITDA margin guidance will be in the same range between Rs.130 Crores or Rs.140 Crores but depending on the type of activities we are carrying out in that quarter or depending on the final completion of the project which we are considering on that project makes gives us more reason at the end of project which can reflect the EBITDA margins.
- Parikshit Kandpal:** Sir my second question is again on Pandharpur and Bhiwandi projects. Sir can you tell us how much is the money or investment in the Pandharpur project and how much is the total investment or exposure in the Bhiwandi project?
- Hetal Patel:** Regarding Pandharpur if we see we have already built around Rs.23 Crores and around Rs.10 Crores, so around Rs.33 Crores is the money spent for Pandharpur project and we are waiting for the payments and regarding Bhiwandi as we have already discussed several times, we have incurred around 8.67 Crores of expense and that we are showing as WIP under balance sheet, but this year we will be providing for this expenses with the prudent accounting policy we can say and on a conservative basis we will be providing for, but we will wait for further decision on further process. Also, we have already mentioned that we have a bank guarantee of Rs.6.7 Crores given, so that is also one of the amount they can invoke in future so Rs.8.67 crores and Rs.6.7 Crores so that is our main amount involved in Bhiwandi project.
- Parikshit Kandpal:** Going by your experience of handling public and private contracts, so typically this contract was of six, five contracts and into various season the price has escalated and you said earlier in the call about 47 Crores is the impact which you will try to negotiate once this arbitration thing is behind on the November 13 hearing, so typically what happens going by your experience, so what do you think will be the financial here, but I just wanted to get some more clarity. Are we confident that we can go ahead and do the project and in the worst case we are looking to move out and is this blacklisted by government agency, so consumer is caught between the two things so what would be the right approach of handling this project?

- P S Patel:** See there are two things, Pandharpur is a very small project which we would like to complete as and when we get the payment, the only worry is about the Bhiwandi project wherein we had asked for Rs.125 Crores or Rs.150 Crores of escalations, if the government is ready we can carry out the project. Otherwise, I think going ahead with the same rate does not make any sense, so I would be happy to terminate the contract and whatever arbitrator find out the losses we can recover later on. so if they really agree on escalation then it is better to go ahead with the project and if they do not agree on escalation I think it is better to get out of the project with the loss of Rs.8 Crores
- Parikshit Kandpal:** But anything on the black listing. Can you trigger a potential blacklisting?
- P S Patel:** There is no chance of blacklisting because it is very crystal clear how the project is delayed and why the position of terminating the contract is coming after 24 months. While they are typing the letter at the end of 24 months of submitting the contract, but we will still say that till 24 months they are not in a position to push the project.
- Moderator:** Thank you. The next question is from the line of Richa Aggarwal from Equity Master. Please go ahead.
- Richa Aggarwal:** Thank you for the opportunity, Sir. Most of my questions have been answered. I just wanted to ask from a long-term perspective. Once we finish this Surat Diamond project, we will be able to bid for bigger project, so in terms of management bandwidth do you see any kind of capacity constraints and is there any plans to hire more talent. I mean if you could just share your thoughts on the long term prospective?
- P S Patel:** See looking at the pace and confidence with which we are going, I do not consider the management would be getting shortened and also we are either in the process of increasing the management base width whether we get a large project or small project, but having such a large experience of completing Surat Diamond Bourse, I think internally we have gained that confidence of that whatever large scale projects come, we will know how to handle
- Richa Aggarwal:** Thank you Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good evening, Sir. The first question is on precast so you said you have incurred Rs.99 Crores of expenses but what is the balance expense remaining now which we are likely to spend?

- P S Patel:** I think maximum Rs.50 lakhs to Rs.1 Crores. I think we are almost done by the project and it is 100% completed in terms of civil.
- Jiten Rushi:** So hardly Rs.1 Crores you said right Sir. So the phase I is ready to go so that is what we can understand. In this precast facility what is the capacity per annum for the facility as of existing facility?
- P S Patel:** Presently, the precast facility has capacity of 1 million sq.ft. which can be extended to 3 million sq.ft., after adding additional machinery. At full capacity of 3 million, the plant can make revenue of Rs.250 Crores per year.
- Jiten Rushi:** What I understand is currently we have capacity of 1 million square feet and we can expand in future depending upon the requirement?
- Jiten Rushi:** So for every 1 million square feet you need to add a capex of Rs.15 Crores to Rs.20 Crores only for machinery.
- P S Patel:** The full facility is running for 1 million and if we have to utilize the whole capacity of the space of building it will be a requirement of 2 million more machinery that will be in the range of 15% to 20% only the machinery.
- Jiten Rushi:** Got it. Otherwise facility is ready. Hetal Madam any provision which we have done in Q1 for the Bhiwandi project. Like this quarter we said we have done a provision of 2.9 Crores. Say any provision done in Q1 of this year?
- Hetal Patel:** No. In Q1 we have not done any provision, but for Q2 as I already mentioned it is Rs.2.9 crore and we are planning to do it for the whole amount during this financial year.
- Jiten Rushi:** Madam, can you give me the unbilled and retention money as on September and mobilization advance?
- Hetal Patel:** Retention money is Rs.107 Crores and outstanding mobilization is Rs.112 Crores which includes Rs.80 Crores provision.
- Jiten Rushi:** And the unbilled revenue?
- Hetal Patel:** Unbilled revenue it is Rs.87 Crores.
- Jiten Rushi:** My last question is on the order inflow. So we have received almost 9 lakh Crores of order inflow so far, so Sir what kind of mix you are looking? You have given detailed insights on the tender pipeline but what kind of mix you are looking at. Are we looking for any two

large projects of Rs.500 Crores ticket size or we will be looking for small ticket size project of Rs.100 Crores, Rs.120 Crores?

**P S Patel:** You are absolutely right. We are expecting some large projects which will help the company to concentrate on large projects. As of now we have capex growth for the past project but at the end of the day we cannot be choosy, but at least we have started to increase our ticket size. We are concentrating on the power projects, we are concentrating if it is more than Rs.100 Crores to Rs.200 Crores and when it comes to government it will be minimum of Rs.300 Crores to Rs.500 Crores that should be the general size which is coming from both the sectors but at the same time there are three projects which are going to come in the sizes of more than Rs.500 Crores. all the three things will be open for us, it depends on type of competitors.

**Jiten Rushi:** Got it Sir. Thanks a lot and wish you Happy Diwali to the PSP family Sir. Thanks a lot Sir.

**Moderator:** Thank you. The next question is from the line of Pawandeep Singh from Ambit. Please go ahead.

**Pawandeep Singh:** Good evening, Sir. Thank you for the opportunity. Sir I just have one question. Your private residential order pipeline has gone up by five times at least since 2019. It is around Rs.500 Crores to Rs.550 Crores. Earlier when we spoke you guys had little apprehension about private residential, but now there are lot of talks about opportunities in the private space. What is your outlook on this and how is the order book and shape going forward Sir.

**P S Patel:** You are right this time we have entered into private residential as a group. We have always been doing some of the private project whether commercial or residential when there is a large sized or a renowned developer, so after a long time we had got an opportunity to bid for a larger project and when it comes to larger project developers are ready to pay something more to generally what they have been paying through small contractors so that is how we have entered into that group, but since we are not always inclined to a private developer we will still limit it to the level the developer and what the project is about, so we will have some limitations of certain extent for private developers.

**Pawandeep Singh:** Sure Sir and Happy Diwali to you.

**Moderator:** Thank you. The next question is from the line of Chirag Mehta from Chirag Mehta & CO. Please go ahead.

**Chirag Mehta:** Thank you for the opportunity and heartiest congratulations for the stellar performance. Sir most of all question has been answered. The only thing is that I wanted to know what will

be the composition of your future orders like does the management have any plans particular percentage of government order and particular percentage of private order?

**P S Patel:** See it is very difficult for any good construction company to envisage the percentage of private versus government but as we are being selected as a good organized contractor in the private sector, our first focus will always be the private sector. At the same time we are known for a large sized project in government, so we will always focus into type of project in government but it cannot be any prices related to mixing of different percentage for private and government.

**Chirag Mehta:** Thank you Sir. Happy Diwali and Prosperous New Year to you and my wishes for long success of the company.

**Moderator:** Thank you. The next question is from the line of Aditya Choksi as an individual investor. Please go ahead.

**Aditya Choksi:** Congratulations Sir for the good set of numbers. Thank you for taking my question. Sir my question is when can we expect the completion certificate of SBD as I said and on the basis of that what would be the size of the orders for the Central Vista?

**P S Patel:** See I have been trying for the completion certificate. We have already crossed the original order of 1675 Crores so we are trying that we should get by November but at the same time if we stick to the final completion of the total project we can give it by December so anytime I assume by November, December we should get the certificate and size of the project as I said lastly, the largest project which has been declared in Central Vista is the secretariat building. There are three secretariat building with the value of Rs.3200 Crores which went to L&T and two secretariat building pricing Rs.333, so three more orders of the same size should come from Central Vista at the same time the prices of the PMO, will be in the range of Rs.800 Crores to Rs.1000 Crores and the other two projects related to MP offices and all that that should be in the range of Rs.500 Crores to Rs.1000 Crores. Secretariat building project will be Rs.3000 Crores CBD III, it will be Rs.3000 Crores, two Secretariat building it can be Rs.2000 Crores that depends on government how they plan to provide as and when more and more projects will be declared.

**Aditya Choksi:** Okay Sir. So as and when we receive the completion certificate from SBD we can be bidding for this projects right Sir.

**P S Patel:** Due to our turnover we will be in the category to bid up to Rs.2500 Crores.

**Aditya Choksi:** Okay Sir. Thank you for taking my question and Happy Diwali to PSP family.

- Moderator:** Thank you. The next question is from the line of Sharavan Shah from Dolat Capital. Please go ahead.
- Sharavan Shah:** Hetal Madam once we get the STB certificate in terms of the FD which is on the lien and bank guarantees how much money can be released?
- Hetal Patel:** Bank guarantee will be a period up to restructuring. So for the one and one and half year it will be there and once it is released then only we can get it. Of course, mobilization we have already recovered, so only performance bank guarantee is pending, so it will take at least a year.
- Sharavan Shah:** So what is the amount of performance guarantee?
- Hetal Patel:** It is 5% of the total value.
- Sharavan Shah:** Okay so that we can recover, we can get back after one and half years.
- Hetal Patel:** Yes Rs.80 Crores that bank guarantees we can recover and the margin is 25%.
- Sharavan Shah:** Thank you and Happy Diwali.
- Moderator:** The next question is followup question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Just one question Sir in the UP project you said that escalation will be there, so what kind of margins can we make in that project. Will that be in the line of the guidance which you gave about 12% to 13% EBITDA margins? Will the EBITDA margin will make in the UP project?
- P S Patel:** See right from first day when we got the order of UP project, we bidded in March 2021 only. So, at that time the financial year Rs.2000 Crores was among the peak and after this first quarter, on the second quarter there is little bit rise on first quarter, this will be extending the margin but still I am expecting that there are related to the invoked, we are always keeping the tenders so I am still hopeful to maintain the EBITDA of UP project.
- Parikshit Kandpal:** Say 12% to 13% right in that range. Okay. These are fixed price contracts right?
- P S Patel:** It is 6 medical colleges and 1 medical university.
- Parikshit Kandpal:** Okay they are fixed price contracts. Thank you.



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**Moderator:** Thank you. Ladies and gentlemen that would be our last question for the day. I now hand the conference over to Mr. P S Patel for closing comments. Thank and over to you Sir.

**P S Patel:** Thank you everyone for participating and for your questions. We hope we have been able to answer most of your queries. If we have missed out any of your questions kindly reach out to our Investor Relation Advisors Christensen and he will get back to you offline. Once again wishing every one of you a Happy Diwali and a Prosperous New Year in advance. Thank you very much.

**Hetal Patel:** Thank you very much.

**Moderator:** Ladies and gentleman on behalf of Ambit Capital that concludes this conference. Thank you all for joining us and you may now disconnect your lines.