

Ref No: PSPPROJECT/SE/38/20-21

August 8, 2020

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, 2020

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/30/20-21 dated July 31, 2020, please find enclosed Copy of transcript of Q1FY21 earnings conference call held on Wednesday, August 5, 2020

Kindly take the same on your record.

Thanking You,

For PSP Projects Limited


Mittali Christachary
Company Secretary and Compliance officer



Encl: As above.



“PSP Projects Limited
Q1 FY2021 Earnings Conference Call”

August 05, 2020



**ANALYST: MR. AMBER SINGHANIA - ASIAN MARKET SECURITIES
PRIVATE LIMITED**

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



PSP Projects Limited
August 05, 2020

Moderator: Ladies and gentlemen, good day and welcome to the PSP Projects Limited Q1 FY2021 Earnings Conference Call hosted by Asian Markets Securities 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. Amber Singhania of Asian Markets Securities Limited. Thank you and over to you Sir!

Amber Singhania: Thank you, Aisha. Good afternoon everyone. On behalf of Asian Markets Securities, we welcome you all for Q1 FY2021 Earnings Conference Call of PSP Projects Limited. We have with us today, Mr. P.S. Patel, Chairman and Managing Director of the Company. Mr. Hetal Patel, CFO along with their team supporting them. Now, I would like to hand it over to Mr. Patel for their opening remarks and then we can proceed to the question and answer session. Over to you Sir!

P.S. Patel: Thank you Amber Bhai. Good Evening Ladies & Gentlemen, this is P.S.Patel, Chairman, Managing Director & CEO of PSP Projects Ltd along with Mrs Hetal Patel (CFO), welcomes you all to this Earnings Conference Call which is focusing on our company’s performance in Q1 FY 2021. Before we move to the financial statistics of last quarter by Ms Hetal Patel, I would like to throw light on few of the updates & developments of this quarter –

As you all know that the first quarter has been the worst quarter for any business other than essentials goods & services and unlike others, construction industry is also one of the most impacted industry. As part of process and compliances we are presenting the results however we believe that the result of this quarter cannot be compared Y-o-Y or M-o-M as it doesn’t reflect the company’s real picture, performance or capabilities.

Due to the lockdown by March end followed by migration of workers, there were hardly few days we could manage to perform at site, simultaneously the company had to manage the regular Operation Cost, Salaries, Rents etc. along with additional expenses like-Facilitating food, Essentials, Masks and Sanitizers to workers at all our projects during the initial lockdown period, Post that Expenses to arrange the buses, trains and tickets for the workers to send them to their hometown and now the same expenses to bring them back. In this period of hardship, company managed to book revenue from operation Rs. 106.89 Cr with Net Loss Rs. 3.54 Cr.

Leaving behind this situation, Now the positive part is that the remobilization of the workers has been faster than expected and, we have achieved **80%** of labour strength back



PSP Projects Limited
August 05, 2020

at projects. Similarly, we are not facing much issues with regards to availability of Construction Material. Company stands with a robust order book of Rs. 2964 Cr as on 30th June 2020. Out of the total order book, about 75% projects are from Gujarat, Rajasthan, Karnataka and UP where we have resumed operations smoothly (except couple of projects). Remaining 25% projects are from Bhiwandi and Pandharpur in Maharashtra where are not able to resume operations due clearance issues by authorities amid highly affected Covid areas.

We are glad to announce that we are setting up a state-of-the-art manufacturing plant of Precast Concrete Building and allied Infrastructure elements near Sanand, Gujarat which will have annual production capacity of the plant is expected to be 3 Million square feet once fully operational, however initially we are setting up plant with production capacity of 1 Million Square Feet as Phase-I. We are targeting that the phase I will be operational by May 2021.

To achieve seamless quality speed in delivering larger volumes in control environment and minimum dependency on labors are the objective started from the plant. Detail representation and details about the proposed plan is separately uploaded on BSE and NSE portal which you all must have already gone through.

Presently the bid book is about Rs.3000 Crores which majorly includes of new Parliament building of Rs.889 Crores which is early on presently for prequalification only. Welspun Warehouses at Bhiwandi it is about Rs.400 Crores, Brigade Hyderabad it is about Rs.300 Crores, GIDC we have already been declared L1 but still is yet to receive order is Rs.275 Crores, Torrent House in Ahmedabad is about Rs.100 Crores and there is one project of Reliance in Jamnagar which is about Rs. 100 Crores.

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

Hetal Patel:

Thank you Sir. Good afternoon everyone and welcome you on the call. Let me first give you the highlights of standalone financial results for the quarter ended on June 30, 2020.

As all of us are aware the lockdown imposed to contain the spread of COVID-19 pandemic has adversely affected company's operations and financial results for the quarter ended June 30, 2020. Hence the results for this quarter are therefore not comparable with those for the previous quarters or comparative quarter of previous years. Company has booked revenue



PSP Projects Limited
August 05, 2020

from operations of Rs.106.89 Crores for Q1. The revenue generated from Surat project was Rs.45.61 Crores during this quarter.

Total revenue booked for Surat project till June 30, 2020 is Rs.1002 Crores. Even under such adverse circumstances company was able to maintain positive EBITDA at Rs.1.29 Crores for the quarter.

Net loss including other comprehensive income was recorded at Rs.2.25 Crores for the quarter. If we look at the consolidated numbers the group had booked a net loss of Rs.3.54 Crores for the quarters which include the loss incurred on the sale of one unit of residential property by the US entity.

As on June 30, 2020 the company has total fixed deposit of Rs.212 Crores out of which free deposits of Rs.49 Crores, FD of Rs.148 Crores are under lien for credit facilities and FDs given to clients as security deposits amounts to Rs.15 Crores.

Work on hand as on June 30, 2020 is Rs.2963 Crores which comprises of Rs.573 Crores for Surat Diamond Bourse project and Rs.2390 Crores for other projects.

With this I end up giving key highlights on the company's financial performance and now we are open for the question and answer session. So, request the moderator to take it forward. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Security. Please go ahead. As there is no response from the current participant, the next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Now, as you said that 75% to 80% labor is back so first wanted to know now are we in a position to give a guidance of revenue inflow and EBITDA margin for this year or maybe we will wait for the second quarter to give a guidance?

P.S. Patel: I personally think that we still we are not able to give you perfect future about the guidance so let us wait for at least this quarter.

Shravan Shah: Okay but broadly Sir still we feel the second quarter would be a degrowth or will be flat because last year we did Rs. 312 Crores so any broad idea in terms of the second quarter at least?

- P.S. Patel:** We have regained the labor force of 75% and 75% has already started at most of the sites but still we are falling short of 25% so let us hope, previously we were thinking that by end of August or first week of August we should be able to go through all the latest exercise but still there is a lockdown in UP and Bihar will prolong so it is difficult for the people coming from Chhattisgarh they stop for some duration so still we are waiting for some people to come probably by the end of this month we will be clear in our mind that now all should we move for this project.
- Shravan Shah:** Okay and Sir, regarding this setting up of the concrete plant, just wanted to understand that this Rs.75 Crores is for the 3 million ton and we will be setting up in first stage one million ton so how much will be spending for one million and because this is coming in the next phase so by this March end how much we will spending and when will be coming up from one million to the three million ton?
- P.S. Patel:** See, it is one million square feet not ton, firstly and the facility which we have created, the land which we have bought, the building which we are going to construct will be purely for 3 million square feet only. The machinery presently which we are ordering is limited to one million square feet so as and when we sort it means that there is a good order or there is a space wherein we can work fast, foundations are already there so we just have to order to infuse some machinery and then we can go through 3 lakhs square feet but the overall facility which we are constructing as of now will be only the machinery part will be of one million square feet.
- Shravan Shah:** So Sir, how much we will be spending out of Rs.75 Crores for 1 million square feet and how much in FY2021?
- P.S. Patel:** This is 1 million square feet and 3 million square feet of the building and the total land which we have already mentioning that the whole facility will get ready in Rs.75 Crores and the money will be spent within this period from March 2020 to March 2021 or maybe April 2021.
- Shravan Shah:** Okay, just wanted a few balance sheet numbers in terms of the inventory number, debtor number, creditor, retention and mobilization advance? Hetal Madam, you can help me.
- Hetal Patel:** As this quarter the number will not be comparable to previous quarter because even March outstanding also that some portion has still to be collected so that numbers we have not worked out because sales seems lower compared to previous period. So, it will be stretched, the numbers are stretched.

- Shravan Shah:** That is what I wanted to understand how much broader ballpark numbers definitely you must be having?
- Hetal Patel:** I can give you the debtor, total debtors value compared to previous figure year of Rs. 224 Crores that debtors are Rs. 165 Crores.
- Shravan Shah:** Rs. 165 Crores?
- Hetal Patel:** Yes.
- Shravan Shah:** Okay and inventory?
- Hetal Patel:** Inventory is Rs. 91 Crores.
- Shravan Shah:** Okay and creditors?
- Hetal Patel:** Creditors Rs. 145 Crores.
- Shravan Shah:** Rs. 145 Crores and how much is the retention money and the mobilization advance?
- Hetal Patel:** Retention money around Rs. 70 Crores we are having and mobilization there is not much difference.
- Shravan Shah:** So, last time it was Rs. 114 Crores in last call we have told Rs. 114 Crores, are you saying it will be in the same range?
- Hetal Patel:** Yes, it is around Rs. 100 Crores.
- Shravan Shah:** Okay and last time we had talked about the unbilled revenue of I think Rs. 100 Crores or something, so how much would be there now?
- Hetal Patel:** It is Rs. 84 Crores unbilled revenue.
- Shravan Shah:** Okay, I have couple of more questions I will come in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.
- Chintan Sheth:** Thanks for the opportunity Sir. On the US property you did mention something in your opening remarks, kindly can you repeat that please?

- Hetal Patel:** Regarding US property you want?
- Chintan Sheth:** Yes, you mentioned something about the sale of property?
- Hetal Patel:** One of the house or two houses are constructed ready for sale, so one of the house is sold so we have booked the loss in this consolidated financials.
- Chintan Sheth:** How much is that?
- Hetal Patel:** Amount is around Rs.80 lakhs.
- Chintan Sheth:** Second one is unsold as of now?
- Hetal Patel:** Second one is not yet sold.
- Chintan Sheth:** Okay and how come we made a loss because the property prices have reduced compared to what we had expected?
- P.S. Patel:** See, this two was build process from first prototype project and this project was only two houses and if you remember the construction period when this two houses had got the construction material were bit high in USA at that time and the sale of this property because it is in the downtown it look too much time and by the time we have to sell it the COVID started somewhere in the month of January-February so then that was also and we wanted to get out of that project, our realization will get prolonged in six months to eight months so net loss has been done, and overall you should understand that this money loss in on the books, as the company PSP has already earned Rs.5.68 Crores as an interest income which we have already shown throughout this last three years each quarter.
- Hetal Patel:** We are booking exchange gain also from this.
- P.S. Patel:** Apart from inbuilt income, expense gain which is a loss. It is a business loss for building stage.
- Chintan Sheth:** Second part of the question was you said that 75% of the project work has been started and 25% which is Pandharpur and other region that project has not yet commenced operation so within this 75% order book how much you see in terms, at what level their execution is taking place right now compared to pre-COVID levels?
- P.S. Patel:** Your question is not clear yet?



PSP Projects Limited
August 05, 2020

- Chintan Sheth:** I was saying that 75% of the order book you mentioned that execution has started except for that 25% project which is Pandharpur and other region where the COVID is still there so out of this 75 projects what is the execution level right now compared to pre-COVID levels?
- P.S. Patel:** Pre-execution level how can I define? What exactly you mean to say execution level in terms of what is the status of the building or what is the status?
- Chintan Sheth:** Status of the project these are the bookings say Rs.100 Crores of revenue or Rs.100 Crores of building material pre-COVID how much of that we have started billing to the clients now.
- Hetal Patel:** You mean to say at what capacity we are running those projects?
- Chintan Sheth:** Correct.
- P.S. Patel:** See, you can very understand from the staple which we are running short of as of now is basically for the RCC structure all those projects which are in the finishing stage they have begun properly and most of the activities in the finished stage has already started for almost all the projects which we have mentioned as 75% and in that 75% project was the labor availability is 75% still we had not reached to 100% so that way that projects are going on finishing P&L not on the structured part also projects which were on the structured part still we are waiting for few more people to come to start.
- Chintan Sheth:** Sure, got it. That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Avinash Chenna from Spark Capital. Please go ahead.
- Avinash Chenna:** Sir, my first question is on this affordable housing project, what is the status and also any pending clearances from any of the government projects that we currently have?
- P.S. Patel:** Which project you are asking?
- Avinash Chenna:** On affordable housing project, is the order book moving?
- P.S. Patel:** We have only two affordable housing projects, one is in Pandharpur and the second project is in Bhiwandi. Pandharpur project we have already started with the less labor and there is no permission or anything hurdle in that project as of now. The Bhiwandi project, yes still we are waiting for RERA so RERA registration we are waiting for the government to give



PSP Projects Limited
August 05, 2020

us some of the papers for which we are doing the communication. EC we have already got and based on RERA we are going to get construction permission so probably this month or the next September 15, we should be through with RERA and construction permission.

Avinash Chenna: Understood. On this pledged deposit for credit can we get this number as on March 20 and now?

Hetal Patel: Sorry, deposit?

Avinash Chenna: Pledged for credit facility.

Hetal Patel: I have given as on June 30, so you require for March?

Avinash Chenna: Yes.

Hetal Patel: We were having 166 Crores?

Avinash Chenna: Sorry?

Hetal Patel: 166 Crores for bank deposit placed against credit facility and free FDs were around 50 Crores.

Avinash Chenna: Okay and what is the progress of this Diamond Bourse like any change in the completion date from last quarter that we did?

P.S. Patel: Previously it was envisaged to complete the March 2021 but there will be extension of maybe one month or two months maximum.

Avinash Chenna: One or two months beyond March 2021?

P.S. Patel: Yes.

Avinash Chenna: Right, one last question is on what is our capex and equity requirement that we are looking at for FY2021 and FY2022 based on current order book and any expected order in place?

P.S. Patel: Presently company is having sufficient capex to handle large size project so we may not be in regular basis because around 3% to 4% of our sale but once the capex from Surat is getting free then most of the projects are getting completed by structure point of view, so I think there will not be too much requirement of capex as on regular operation is concerned.

- Avinash Chenna:** That is it from my side. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Good afternoon Sir, two questions. First is on you did mention that 85% level you have achieved but what was the number in July and is this 85% has happened in August or is this number talk about average number last one and a half month?
- P.S. Patel:** You are asking that number in terms of revenues? You are asking numbers in terms of revenues?
- Mohit Kumar:** No Sir in terms of availability of labor and how the size has ramped up and is there any difference between say like Gujarat or Maharashtra or say in UP or do you see different kind of experience?
- P.S. Patel:** As I already told you that the people which is required for the finishing activities like physical plaster flooring most of the people have regained but the basic RPC structure which is essential where the peoples are coming Jharkhand, UP, Bihar and Bengal, those people are still feeling short and there was a further lockdown in UP that is extended some of the peoples and then this festival of Raksha Bandhan and all that so we are still expecting more 30% to 40% people to come from Jharkhand and West Bengal. Therefore the people whom I say 75% people have already regained on all the sites which is more related to finishing.
- Mohit Kumar:** Okay Sir, good to hear that. Second question is on the order prospect side how are we looking into rest of the year, are you seeing some more tendering or you think it will be a bit slower this year?
- P.S. Patel:** Actually company is having an order book of 2960 Crores, so we are still going into conservative till we get height of positive about the right project otherwise we should concentrate more on these next two months to three months till we have to concentrate more on the present operations.
- Mohit Kumar:** But how are the prospect looking this year and tendering in the sector?
- P.S. Patel:** Tendering I have already said that we are in bid book of 3000 Crores which I have already told you that we have bid for three project which I already mentioned new Parliament building in Delhi, Welspun Warehouses in Bhiwandi, there is one project for Brigade in Hyderabad, there is one project of Torrent House in Ahmedabad, there is one project of



PSP Projects Limited
August 05, 2020

Reliance in Jamnagar, so we are having a bid book of 3000 Crores but we see we are not going dynamically, we will be going bit conservative and one of the good opportunities that we will have those projects.

- Mohit Kumar:** Is there any preference to the Government project or the private one at this point of time?
- P.S. Patel:** As such there is no, it still depends on what are the private projects, what kind of government project it is.
- Mohit Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jason Stone from Monarch Network Capital. Please go ahead.
- Jason Stone:** Thanks for taking my question. Just I want some color I mean sorry for making you repeat but I want some color on this facility picture developing for 75 Crores which you mentioned in your initial comments, could you just throw some more color on it?
- P.S. Patel:** See this is precast building construction plant which wherein we will be making in new column RPC abrading at the factory and we will be installing at site. Previously I was thinking on this project since last four years to five years but previously the portal provisions will not go strong but now the portal provisions are so strong and there are so many consultants who have been doing these types of work in America and Europe, they have also started designing the projects in India and also the technology has been expected for so many types of building and so you must have seen so many projects going in Hyderabad which is up to 30 storey. Now looking to the present scenario or looking to the present scenario of scarcity of labor, looking to the demand of the clients in terms of time and quality, I think these types of projects or these types of practice will give you a better quality, better timeline and we will not be forced to stop the work or we will not be more dependent on labor because labor when we talk about regular conventional RCC it is purely labor intensive work and when we talk about precast foundry it is very more mechanized and automation which has been done at the factory level and only the erection plant and some of the things which you require at the factory side, labor requirement is almost 10% of what we require in regular scarcity to concrete building.
- Jason Stone:** Okay, so this facility will require a capex an investment of Rs.75 Crores, is that right?
- P.S. Patel:** Yes, that includes land and everything. The land we have bought which is larger because precast you never know when you may get larger sized projects. You need bigger size of



PSP Projects Limited
August 05, 2020

land so when you are getting larger size of block in one place, it is either better rather than creating two facilities for future expansion, so we have got this plan land in multiple of three times so that is way there is a requirement in future did not have to go and buy costly land, at the same time the land is available which is our 35 km from Ahmedabad, which is 15 km from Jharkhand, it is our 34 or 40 km from Vadodara so these are the industrial areas which we can gather at the same time we can gather real estate projects whenever required and whenever it is expected in the market from Ahmedabad. We can do these precast work basically up to 200 km but largely if we say lesser distance better is the viability so that is why we have selected this land.

Jason Stone: Right and this will help you, use more of automation and less of labor especially in this current COVID environment, right, this will help you.

P.S. Patel: It is not only about the COVID impact even if you see the hierarchy, mason's son will never become mason, labor son will never become labor, so more and efficient coming up in this all the states of India there are going to be some scarcity of labor in maybe in that four to five years and more or less the business has become seasonal so whenever there is shortage of labor, when there is monsoon, there is a shortage of labor, when there is Holi, there is a shortage of labor, when there is Diwali again there is a shortage of labor, so looking all these things and company will keep the phase consistent I think these types of facilities will always help the company to go on a consistent way so that overall project timelines are not affected.

Jason Stone: Right Sir okay, and this capex of Rs. 75 Crores it will be spread over two years or three years or any timeline?

P.S. Patel: No, it is going to be spent within next six months to nine months probably by March 2021 or April 2021 we have to spend this capex. We have already spent one land or already we have been planned also.

Moderator: Thank you. The next question is from the line of Jiten Joshi from Axis Capital. Please go ahead.

Jiten Joshi: Thank you for taking my question. Sir, few questions from my side in terms of fixed cost what fixed costs you have incurred in this quarter and probably the similar run rate we can expect in Q2?



PSP Projects Limited
August 05, 2020

- Hetal Patel:** Yes, you can see from our P&L statement only fixed cost mainly consist of finance cost and benefit is there all these will consist our fixed overhead to that we have already incurred for the quarters.
- Jiten Joshi:** Because we have seen significant fall in the employee cost like some Rs.16 Crores to almost Rs.10 Crores this quarter. So, my only point was whether this Rs.10 Crores will remain Rs.10 Crores or it will go up in Q2?
- Hetal Patel:** No, it will go up in the current quarter but for this quarter we have paid around 35% of them fixed cost due to lock down prevailing conditions that decision was taken.
- Jiten Joshi:** Okay, we have paid 35% less employee cost this time you mean to say that?
- Hetal Patel:** No, 35%
- Jiten Joshi:** Okay, and what is the gross debt right now?
- Hetal Patel:** Gross debt you mean to say our utilization of bank facilities around Rs.72 Crores.
- Jiten Joshi:** No, Rs.72 Crores and the bank limits fund and non-fund?
- Hetal Patel:** Yes, out of total Rs.610 Crores of facility we have utilized around Rs.230 Crores is available facility and we have utilized Rs.380 Crores is utilized.
- Jiten Joshi:** I am harping on the execution as Sir said that at the end of August or probably early September we are expecting 100% labor availability that is what we are expecting and probably we can expect by September 100% execution to start across the project including the Bhiwandi where if we get the approval, the RERA registration. So, right now could the execution you said is around 85% right Sir?
- P.S. Patel:** 75% to 80% yes.
- Jiten Joshi:** 75% to 80% that similar lines the labors are also 75%. Any view on the payments, how are the payments from your point of view because you are in most of the mix of private as well as institutional projects. Any payment issue you are facing this quarter or probably you have seen?
- P.S. Patel:** The payment any of the client presently major payment issue in any of the client may be it is there for less than 30 days to 45 days or may be maximum 60 days because of this overall

crisis. But in general, if you say all the clients are paying one or the other money then if you see this six-month outstanding there are only few clients.

Jiten Joshi: Okay, and Sir, cost overrun should be an issue for us because the cost has been very fluctuating in the cement and steel?

P.S. Patel: Cement and steel is always a pass through so only those projects which we have not yet started which is at Bhiwandi that is the only project where there is not a base rate of cement and steel rest of all the projects are pass through.

Moderator: Thank you. Jiten we will request you to please come back in the question queue for any follow up question as there are several participants waiting for their time. The next question is from the line of Manan Patel from Equirus PMS. Please go ahead.

Manan Patel: Thank you for the opportunity Sir and congratulations for decent performance in a challenging quarter. Sir, my first question is on the precast facility. So, I wanted to understand once you setup the facility would you be able to use this facility for existing projects and would you require approvals or this will only for the future for that project?

P. S. Patel: No, this depends on again the client. We can change our some of small size where the project is going on if there is a small building which can be converted into precast it depends on the requirement of client and if it is not costing more than 10% extra to what we have been doing till now probably that this existing client may also allow us to go for precast. That depends on the acceptance of the client and their consultant and there are no legal permissions which we have to take from any of the authorities. It is absolutely the decision of the client or his consultant.

Manan Patel: Understood and Sir, are you planning to take any debts of this project and what do you think about the payback period for this project?

P.S. Patel: As of now we are not planning for any debt we are trying to make it through on their internal accruals only for that the payment period should maximum five years.

Manan Patel: Sir my second question is we had taken approval regarding capital raising last year do you have any plans to raise the capital on that basis?

P.S. Patel: That requirement was there in November-2020 then we thought of there was a Glass House project coming up Delhi but that project itself has got so much delayed in our term so many bank guarantees during this period has been work free. So, presently we are not falling that shortfall of bank guarantees probably as of now I would say that we are not going ahead.

- Manan Patel:** Understood, Sir that is it from my side all the best for coming quarter.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from PhillipCapital. Please go ahead.
- Dhiral Shah:** Good afternoon Sir and thanks for the opportunity. What kind of cost saving you expect from this precast?
- P.S. Patel:** You are asking cost in terms of what, in terms of percentage to regular concrete or in terms of exact to what precast we are costing?
- Dhiral Shah:** The overall cost saving that I am talking about you said this will help to reduce the labor?
- P.S. Patel:** Yes, it is usually about 8% to 10% higher to the conventional RCC structure which we build but at the same time quality wise it is far better and at the same time you can see receive lot on in terms of timeline.
- Dhiral Shah:** Does this will add anything to the margins? This will improve our margin Sir?
- P.S. Patel:** You cannot say it will improve our margin. It depends on the type of the project and the necessity of the client. When we talk about any good product or any technological product once it is accepted in the market there will be client who need their building so fast and it helps the requirement of the client of course it is going to pay us more but that depends on future and we cannot say as in that six months any of the clients will be a support but at least we can say after one year of operations we will be in a position to demand more.
- Dhiral Shah:** This precast is entirely for captive consumption for our use only?
- P.S. Patel:** No, it would not for our captive consumption. It will go on trend but being a constructing from we are total solution provider so any real estate developer or any industry or in any corporate clients we give you a job for at least those total permission right from foundation to total structure. So, it will be on our contracting firm only but the things which had to be done at the site will be manufactured in the factory.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, my question was can you give us plate of how much of this land will cost for this out of Rs.75 Crores how much will go towards land?



PSP Projects Limited
August 05, 2020

P.S. Patel: I think this will be somewhere in the range Rs.20 Crores or Rs.22 Crores I am not having the exact figure but it is somewhere in the range of Rs.20 Crores- Rs.22 Crores.

Parikshit Kandpal: Okay, because what I understand from the area which we have given Rs.1.4 million square feet is around 32 acres of land so, you are saying it will be about Rs.0.8 Crores per acre basically the land is very cheap?

P.S. Patel: Yes, it is not so costly but at the same time it is near to the city. It is over 35 kilometers and which was the basic requirement from our side is and we are directly from premium, wanting us to take landlord even in a problem was the analysis. So, there will be a government project for Rs. 5 Crores but it would not go beyond Rs. 5 Crores.

Parikshit Kandpal: My second question was typically in private projects the consultant and the client approves the design and large part of construction happens in Q2 at the site and even we have not seen evidences of government clients coming up with precast kind of conditions. So, I have seen I cover real estate so, I have seen developers having these kinds of precast captive factories or they are doing their own captive projects where the entire design thing is on them. So, I am not able understand the aftermarket of this technology how are you going to convince your government clients or private clients or the consultants to showcase them that why not they use this?

P.S. Patel: As far as residential is concerned government has already approved there are so many buildings coming out in PMY which is being done through precast, it is not that government has not approved precast technology. As far as residential and Pradhan Mantri Aavas Yojana is concerned it is approved and as far as private sector real estate developers those things which you think it has not been accepted in the market that was because of the provision and the availability of the product and understanding of the product throughout the country. But if you now see in India there are about more than about 34 plants of this elevated company only. So major share happens with their own precast plant when there is a project. What we are saying is we would like to make these plants to work for industry also, to work for real estate developers also, to work for other elements which are required for metro if it is with your segment also those sets of things can be exported. So, anything you see in concrete can be converted into precast if it is only logistics part which we have think of whether that is logistically available or not. Otherwise anything you know you are doing conventionally then we convert it into precast and there is now in last five years all the provisions they are same in India also Indian standard ISO has already approved all the portal provisions so any computer institute of any IIT will approve your design and that is more than sufficient for any client to trust us what you are saying can be thought of before five years at presently everything now which is placed it is only the mindset of the people

or the mindset of client whether he wants to go for precast or no otherwise technically it is true.

Moderator: Thank you. The next question is from the line of Alok from Yes Securities. Please go ahead.

Alok: Sir, just similar to the previous question what have you highlighted but are there any companies which are currently using this precast technologies in the significant way in India in the segments we are operating and with this technology how much actually increase in the margins we can look forward to?

P.S. Patel: Presently we are not thinking to increase our margin. It is a facility which is going to give us different image in terms of dealing the product with the good quality and in time. As of now as a techno fit I am targeting more to convince the people in terms of how better we are in quality and how better we are enduring and once that is convinced in the market I think we will be in the demanding face to go for a better margin.

Alok: But Sir, are there any companies currently using this in any significant way or it is the only very selectively which is being used?

P.S. Patel: There is one plant in Ahmedabad which is may be in the smaller scale to this plant but we are using only the slate part basic structure is being done in a conventional way the clips have been brought from that plant we are using from that plant only. So, it depends on client, it depends on people's requirement and the timeline required for the project. More and more it is going to labor dependency and the timelines are not being managed just because of the labor deficiency and uncertainty of labors. So, as and when these things is usually accepted whether we are making a large size bungalow scheme or whether you are making a 30-storeyed commercial building or whether you are making a 24-storey or 30-storey residential building, all these projects can be converted into precast once this technology is being accepted in the market, it is not that it is not accepted at all. It is the mindset of the people from where it is coming and we being its ASP as a total complete on factor we can go on a total solution whether he want to finish up the building, he want to give us the structure part he want to give the foundation whatever way. This will come it cannot be sold as a commodity or a product it has to be sold as a solution.

Alok: Okay, Sir just one more thing is it true that this is slightly more expensive than the normal construction process which we follow and the benefit should only come if we do heavy volumes only then we are able to save some cost is that understanding correct?

- P.S. Patel:** You are to an extent right but I would say if you value for quality and if you value for timeline I think it is not costly. If you clearly compare with the conventional building it is costly at a consigned percent of course if you purely compare with our regular RCC construction with a precast construction it can be costly to 10% extent but if you really have a value for timeline if your project is being getting completed before six months and your revenue will be PAT in before six month if it is a rental based project I would say then it is cheaper than conventional RCC.
- Moderator:** Thank you. The next question is from the line of Rachit Kamath from Anand Rathi. Please go ahead.
- Rachit Kamath:** Thank you for taking my question. I just have one question regarding the American projects that we have you were planning to infuse some money in FY2021 now that we have had the sale of this asset in one of the houses can you just say what will be the net equity requirement that will be infused this year?
- P.S. Patel:** You mean to say near future?
- Rachit Kamath:** No, in this FY2021?
- P.S. Patel:** I personally do not think there will be large requirement previously also we take that it will be in the range of Rs. 3 Crores to Rs. 4 Crores but whatever bungalow which we have sold the money which were lying idle over there we have already transferred it to India. Again, if it is required to the extent of Rs. 4 Crores- Rs. 5 Crores we will send it from here.
- Rachit Kamath:** Okay, what will be the outstanding balance at like those that you have given as loans and advances to the subsidiaries in the US?
- Hetal Patel:** Yes, it is Rs.33 Crores outstanding as of June 30, 2020.
- Rachit Kamath:** What would that be most figure last year March?
- Hetal Patel:** Last year it was Rs. 27 Crores actually loan was taken in US currency over there from the bank so that repayment is done and we have transferred funds of Rs.12 Crores in this quarter and after sale of this one house we have received back Rs. 6 Crores. So, net increase of Rs. 6 Crores is there. So, as of 30th June outstanding is Rs. 33 Crores.
- Rachit Kamath:** Sure Madam. Thanks a lot. I have one more question pertaining to what is the absolute amount of days were it working operational on the site in Q1 FY2021?

- Hetal Patel:** Sorry absolute amount of?
- Rachit Kamath:** Like the absolute amount of days you were not working on the site. So, the whole month of April you were not working even May for that we think 15 days-20 days you were not working?
- P.S. Patel:** As far as number of labor number of labors?
- Rachit Kamath:** Absolute number of days that you were not operational at a site that we did not have any revenue generating activity?
- Hetal Patel:** For this quarter you mean to say?
- Rachit Kamath:** Yes, Madam.
- Hetal Patel:** I think from it seems May, 2020 onwards we started operations at some of the sites and few sites were operating for example Kashi was operating even during the lockdown also because special permission was taken. It depends on site means still as Sir has already mentioned that either way our projects are not get operative so other sites are.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Madam, you said that in terms of the salary, you paid 35% so does that mean have we reduced the salary of employees or is it we have out of Rs. 100 we have paid only Rs.35 and the rest will be paying now?
- Hetal Patel:** No, it is not a deferral. It is the reduction for the lockdown period only. From April and May I think in June month again we resumed and so this is the reduction so there would not be any additional cost during this year.
- Moderator:** Thank you. The next question is from the line of Vaibhav Shah from Centrum Broking. Please go ahead.
- Vaibhav Shah:** Thank you for the opportunity. Sir, I had one question. Sir, you had mentioned that the capex for the plant is Rs. 75 Crores so is this for phase one or all inclusive?
- P.S. Patel:** It is all inclusive for the total project and phase one and phase two means that we are buying machinery for one million and later on when we buy machinery for another two million there will be further infusion of capex for machinery only. In this total project of Rs. 75

Crores machine part is only Rs.20 Crores which will be for one million then I have to add on for something for phase two up to three million then there would not be this much requirement.

Moderator: Thank you. The next question is from the line of Avinash Chenna from Spark Capital. Please go ahead.

Avinash Chenna: Sir, I would like to understand that if there is any update on this Central Vista project or any such flagship project from the government side, is it under preparation or is it government now?

P.S. Patel: It is under the prequalification process now about six to seven companies have bid for this project so prequalification process is going on only the contractors which are qualified will be given the tender so presently the prequalification process is going on.

Moderator: Thank you. The next question is from the line of Dhiral Shah from PhillipCapital. Please go ahead.

Dhiral Shah: Sir, out of the overall Rs. 3000 Crores of bid pipeline what is the L1, how much is the L1?

P.S. Patel: See, L1 is only one project we bid before March, rest of the projects are still in the bidding process only the one project of GIDC that is Rs.275 Crores is L1 but that project has been operated because of the OI and this is more related to IT so infrastructure has been created by GIDC so we are still waiting for the order.

Dhiral Shah: For Central Vista project also?

P.S. Patel: How much is the Central Vista project you mean to say?

Dhiral Shah: Yes.

P.S. Patel: See, Central Vista project overall declared by the government is about more than Rs. 12000 Crores but presently only the Parliament building, and the rest came up. That is only prequalification. So, this Parliament building is Rs.889 Crores.

Moderator: Thank you. Due to constraints we are taking the last question which is from the line of Ashwin Kruthik, individual investor. Please go ahead.



PSP Projects Limited
August 05, 2020

- Ashwin Kruthik:** Thank you for taking my question. Sir, my question is related to labor productivity. Have you being able to quantify how much the labor productivity has been set adhering to the social distancing guidelines at the site?
- Hetal Patel:** Can you please repeat?
- Ashwin Kruthik:** Sir, my question is, have you been able to quantify how much of the steps we have taken in labor productivity because of maintaining social distancing guideline at the site?
- P.S. Patel:** How much we have taken provision for labor productivity because of COVID you mean to say?
- Ashwin Kruthik:** Yes, how much is the labor productivity affected because the social distancing guidelines at the site?
- P.S. Patel:** Yes, that is affected to an extent but it is not so large, see most of the activities has been taken care whether the people have to keep a distance of 4 feet or 6 feet between these two people so it is more of a timing so they should not stay more than ten minutes with each other within the distance of four feet to six feet. So, as of now the productivity is not there affected to a larger extent but you can consider that it can affect to 8% to 10% but it depends on activity to activity again.
- Moderator:** Thank you. I would now like to hand the conference over to Mr. Amber Singhania for closing comments.
- Amber Singhania:** Thank you Ayesha. On behalf of Asian Market Securities, I would like to thank everyone for joining this call and special thanks to the management for sharing their insight about the company and the future outlook and giving us the opportunity to host this call. We now conclude this call. Sir, would you like to add any closing remarks from your side.
- P.S. Patel:** Thank you everybody for participating in the call. If you have any questions, please come up.
- Amber Singhania:** Sir, just one thing wanted to understand this Parliament building which you mentioned about Rs. 889 Crores, apart from this I believe there are several more packages on this Central Vista, is there any color on that by when we can those coming in?
- P.S. Patel:** Still we are not sure because still the first project of Parliament which is going to be the first project from that side and that is going to be the critical building so once that order is given



PSP Projects Limited
August 05, 2020

I think other packages will start so it may take further four months to six months by the time all the packages are declared.

Amber Singhania: Fine Sir. That is all from my side. We can now conclude the call, Ayesha.

Moderator: Thank you. On behalf of Asian Market Securities that concluded today's conference call. Thank you for joining us. You may now disconnect your lines.