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**May 24, 2023**

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: Transcript of Earnings Conference Call – Q4FY23**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of transcript of Q4FY23 Earnings Conference Call held on Thursday, May 18, 2023.

Kindly take the same on your record.

Thanking You,

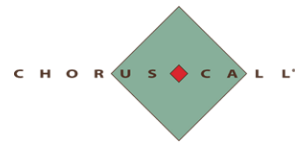
**For PSP Projects Limited**

**Kenan Patel**  
**Company Secretary & Compliance Officer**

Encl: As Above



**“PSP Projects Limited  
4QFY23 Earnings Conference Call”  
May 18, 2023**



**MANAGEMENT: MR. P. S. PATEL  
CHAIRMAN, MD AND CEO – PSP PROJECTS LIMITED  
MS. HETAL PATEL  
CFO – PSP PROJECTS LIMITED  
MR. KENAN PATEL  
COMPANY SECRETARY – PSP PROJECTS LIMITED**

**MODERATOR: MR. AMAR KEDIA – AMBIT CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to the 4QFY23 and FY23 Earnings Conference Call of PSP Projects Limited hosted by Ambit Capital.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amar Kedia from Ambit Capital. Thank you, and over to you, Mr. Kedia.

**Amar Kedia:**

Thanks, Michelle. Good afternoon, everyone. And welcome to the 4QFY23 earnings concall of PSP Projects. We have the management today being represented by Mr. P.S. Patel, Chairman and MD and CEO; and Mrs. Hetal Patel, CFO of the company.

I will now hand over the call to the management for their opening remarks, post which we will open up the floor for the Q&A. Over to you, Kenan.

**Kenan Patel:**

Thank you Amar. Good evening, everyone. On behalf of the management, I am pleased to welcome you all to PSP Projects earnings call to discuss Q4FY23 & FY23 results. Please note, a copy of all our disclosures is available in the Investors section of our website as well as on the stock exchange. Anything said on this call, which reflects our outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

Now I shall hand over the call to our MD for his opening remarks. Over to you, sir.

**P. S. Patel:**

Thank you, Kenan. Good evening, everyone. A warm welcome to all of you and thank you for joining us on our quarter four- and full-year earnings conference call. I trust everyone is doing well and in the best of health. We did upload the investor presentation with the key quarter and year highlights on the stock exchange and website, I believe you may have got a chance to go through the same.

First, I would like to discuss the **key project level developments during the year.**

Financial year 2023 has been a memorable year for the company from the perspective of addition of highest ever order inflow and for being eligible for bidding for higher value projects of up to ₹2,500 crore, single project. This is a big milestone for a company in its 15 years of operations. Going forward, we expect to leverage this opportunity, make inroads and establish our firm presence in high value-added niche projects. Also, post completion of our first ever project of Kashi Vishwanath Dham in Uttar Pradesh, we have received projects worth more than Rs.1500 crore in the state as on today, comprising nearly 60% of all our government projects in all. This has provided opportunity for the company outside our home state.

To explain in detail, during FY23, the company recorded highest ever **order inflow** to the tune of Rs.3,421 crore excluding GST, recording a growth of 90% over FY22. Majority of the projects

awarded during the year are from the state of Gujarat and 58% of projects being private orders. The major projects awarded during the year are as below:

- Construction of State-of-the-art High-Rise Office building for Surat Municipal Corporation.
- Corporate Office Building Project by a leading multi-national company.
- 3 tallest residential projects in Ahmedabad and Gandhinagar. With the increase in permissible FSI recently permitted by government authorities, we have been at an advantageous position to bag these orders having proven track record in the construction of high-rise buildings space.
- Ahmedabad Airport development.
- Repeat Industrial order to construct Phase II & III of noodle and chocolate factory by multinational company.
- Construction of institutional campus in Ahmedabad for a leading Mumbai based management institute
- Precast order for National High-Speed Project from L&T.

As on FY23, the company has an **outstanding order book** of Rs.5,052 crore. As on year to date, we have received further orders worth Rs.758 crore thereby adding to our order book. I would like to highlight here that from this quarter onwards, we have removed our two slow moving projects of Pandharpur and Bhiwandi from the order book whose total value amounted to Rs.727.31 crore. The outstanding order book as on date has grown by 40% over FY22 excluding Pandharpur and Bhiwandi projects. As far as the status of these projects is concerned, for Pandharpur, the client has accepted the delay on their part and asked us to resume work, however, we have primarily refused to restart the project until unless we receive our outstanding dues. The status on Bhiwandi is that the panel of arbitrators has been appointed and the necessary documents have been provided.

Now let us discuss the **financial performance** of the company.

During FY23, the major on-going projects were at the initial stages of construction that comprises of core and shell, excavation, civil work, etc. where the cost involved in terms of labor, machinery deployed, etc. is higher in comparison to the revenue booked. In our nature of work, as the project enters MEP, interior phase, the revenue booking improves. During this year, more than 50% of our order book was at the initial stages of construction and none of the EPC or large projects were getting completed during the year which has largely led to lower-than-expected revenue growth and margin contraction during the quarter and full year. In FY23, the revenue of the company grew by 10% against our guidance growth rate of 20%-25%. We expect to complete the revenue backlog this year and we continue with our earlier guided revenue projection of Rs.2600 Crores for FY24 which is as per our original guidance of 20-25% YoY growth. We maintain our EBIDTA margin guidance in the range of 11%-13%.

Let me quickly take you through the key **developments in UP Projects**. During Q4FY23, the revenue booked from all the 7 **UP projects** is to the tune of Rs.301 crore and as on date the revenue booked is Rs.718 crore. The structure of the building is getting completed and in some of the projects now MEP work has already started and interior work has also begun simultaneously. The execution is expected to ramp up during H1FY24. The two UP projects i.e. Sultanpur and Sonbhadra are lagging behind because the land possession for hospital buildings for both the sites was given to us a bit later than the other five projects, so the extension of time for completion is given for December 2023 for Sultanpur and March 2024 for Sonbhadra. The other five projects are expected completion by October 2023.

On the Precast side, we started precast with the objective to cater to the requirement from civil construction/buildings segment but on the contrary, we have seen reasonably good orders and demand coming from the infrastructure side as well. Considering, order book from industrial as well as construction side, the board made a decision to expand the existing precast facility. Also, in many of our existing projects, the company has started supplying certain material through our **precast facility** which shall help us to achieve faster execution and aid us in maintaining the quality as well as speed of delivery.

During the year, we received **Safety Award** from National Safety Council of India in recognition for appreciable achievement in Occupational Safety & Health. We at PSP Projects have **optimum focus on quality and timely completion of projects**. I am pleased to inform my stakeholders that your company has been able to leverage on this philosophy and been able to deliver quality projects within timelines. Here, I will take the opportunity to heartily thank PSP Projects family and entire team for believing in our philosophy and working in a synchronized fashion so as to deliver quality projects to our customers. This is evident from the repeat orders that we receive on regular basis from many of the private companies.

The company has **completed 205 projects** so far since company's inception in 2008 with 84% private projects consisting of Institutional, Industrial and Residential projects and balance 16% were Government projects. As on FY23, out of the outstanding order book of Rs.5,052 crore, the Government projects comprised 56% and private projects comprise 44% comprising of Institutional, Industrial and Residential projects. As on date, we have 47 on-going projects, of which 74% are in based in Gujarat, 26% in UP.

**Bid Pipeline:** Going forward, we have a Pipeline of approximately Rs.6,000 crore of which 67% is from private projects and around 20% from the state of Gujarat.

The International Monetary Fund (IMF) sees the Indian economy surviving against the global headwinds and is expected to do well. India is expected to maintain its position as one of the fastest growing economies in the world in FY24, and this puts India in a bright spot. In FY23, we saw good increase in investment announcements by the private sector. A pick-up in private capex is adding to India's growth story. We at PSP Projects are confident and positive for the growth in our business segments.

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

**Hetal Patel:**

Thank you, PS sir. The financial performance during the quarter ended March 31, 2023 is as below:

Q4FY23 vs Q4FY22

- Revenue from operations for the quarter is at Rs.727 crore vs Rs.555 crore, increased by 31 % YoY basis
- EBITDA for the quarter is at Rs.78 crore vs Rs.88 crore, lower by 12% YoY basis.
- EBITDA Margin is at 10.67% vs 15.87%.
- Net profit for the quarter is at Rs.46 crore vs Rs.52 crore, lower by 12% YoY basis.
- PAT Margin is at 6.3% vs 9.4%.

FY23 vs FY22

- Revenue from operations for the Year is at Rs.1,927 crore vs Rs.1,749 crore for FY22, increased by 10%
- EBITDA for the year is at Rs.225 crore vs Rs.257 crore, lower by 12%.
- EBITDA Margin is at 11.68% vs 14.67%.
- Net profit for the year is at Rs.133 crore vs Rs.161 crore, lower by 17%.
- PAT Margin is at 6.81% vs 9.10%.

During the quarter, the revenue generated from 7 UP Projects put together was Rs.301 crores during Q4FY23. Cumulative revenue till 31 March 2023 is Rs.718 crore.

As informed by PS sir, in FY 23, majority of the projects were under initial stage of the execution as company's order inflow was Rs.3,421 crores against order inflow of FY 22 of Rs 1802 crores. Further, the FY 22 revenue comprised of revenues from major projects like SDB, Kashi and BSE which were at their finishing stage having higher profit margins and no such major projects were completed during FY23. This can be the major reason for lower EBITDA margin compared to FY 22.

Increase in Employee expenses is mainly due to increase in employee strength, from 1,345 employees to 1,833 employees as on 31 March 2023.

Increase in Finance cost during the year can be attributable to increase in utilization of fund-based limits, increase in interest rates and issuance of bank guarantees for newly awarded projects.

Increase in Depreciation can be attributable to additions in fixed assets during the year which amounted to Rs.72 crores.

The CWIP balance of Rs.17.7 crores is towards expansion of precast facility to meet requirements of new orders.

Would like to mention few of the important balance sheet numbers as on 31 March 2023.

Long term borrowing: Rs.70 crores

Short term borrowings: Rs.75 crores

Gross Block of assets: Rs.413 crores Net block Rs.238 crores additions during the year Rs.72 crores which includes purchase of capital assets for new sites.

Net Amount Due to customers ie. Advance billings : Rs.78 crore

Net Unbilled Revenue Rs.257 crore

Retention – non-current Rs.101 crore

Retention current: Rs.34 crore

Mobilisation Advance: Rs.245 crore

Working capital days are as follows:

Debtor days are 82

Creditor days are 70

Inventory days are 29

Total net working capital days are 41

Increase in inventory, trade receivables trade payables are in line with the increased sales in Q4 FY23 and increased order inflow during last 2 quarters.

Out of total credit facility of Rs.1,047 crore, utilised limit is Rs.897 crore of which Rs.74 crore are fund-based utilisation and Rs.823 crore is non-fund-based utilisation.

As on 31<sup>st</sup> March 23, The company has total fixed deposits of Rs.331 crores out of which free deposits of Rs.76 crores, FDs worth Rs.255 crores are under lien with Banks for credit facilities.

Work on hand as on 31March 23 is Rs.5,052 cr. Detailed bifurcation is available in the uploaded presentation.

That concludes the update on financials, and we are now open the floor for Q&A.

**Moderator:**

Thank you very much Ma'am. The first question is from the line of Bharani Vijay Kumar from Spark Capital. Please go ahead.

**Bharani Vijay Kumar:**

Sir, can you give more colour on Rs. 6,000 crores of bid pipeline? What are the segments or sub-segments in which you see this pipeline? Since you're mentioning 60% of it is in private, does it come through competitive bidding or through a negotiated bidding? And do you expect these projects to come in at a little higher margins than what we did as margins in FY23?

**P. S. Patel:**

The bid pipeline, is approximately Rs.6,000 crores.

Gem & Jewellery Park	2,500
MP Chambers Central Vista	1,200
Residential project at Ahmedabad	450
IT Park in Chennai	400
Government office in Odisha	400

Private club in Chennai	300
Commercial building in Ahmedabad	300
Dharoi Package 2	300
Residential in Gift city	100

As you asked for me for the margins, I can tell you that much that it will be in the line with what we have been doing until now.

**Bharani Vijay Kumar:** Okay. And in the pipeline that you just mentioned that there is a fair bit of residential projects. So, in the strategy, is it like we would take advantage of the new launches by residential developers that's ongoing. Is that strategic event that we are seeing?

**P. S. Patel:** See what has happened, the permission for 30 storeys plus up to 35 storey has been given in the state of Ahmedabad or in state of Gujarat last year only. So, any developer who wanting to go for a high-rise building of plus of 30 storeys, we are the only player that has carried out work of 30 storey plus in gift city. So, at present there are many such inquiries, and they approach us because of our credentials and what we have delivered till now in terms of high-rise buildings.

**Bharani Vijay Kumar:** Okay. So, coming to the cost structure, so what percentage of our order book has fixed price kind of agreement? And what percentage has pass through? Because in FY23, we saw decrease in margins?

**P. S. Patel:** As far as decrease in margins during the year is concerned, as explained earlier, please note that it is because during the year we were carrying projects which were more on core and shell stage. In FY22, the profit margins were much higher because our large sized project of Surat Diamond Bourse, Kashi Vishwanath, and Bombay Stock Exchange project, all these 3-projects were completed at the end of the March 2022. In our business, most of the milestone based payments are recognized at the end of the project. And in this year also, whatever which we have missed in, which I was expecting to be completed before March 2023, but due to some or the other reasons we are getting delayed in UP. So that revenue is expected to come in the first 2 quarters of this year.

We anticipate there won't be any problem in terms of margins with us. The margins are dependent upon what level of execution is going on or what type of execution is ongoing on each of the projects. If you compare right from March 22 to March 23, in these 12 months, you must see that most of the projects like Naranpura Sports Complex started in April. And then whatever projects which we started, each of those projects were at core and shell stage. And as I said, there are 2 projects which have got delayed in UP also. The delay was due to the reason



that the land was given to us a little bit late as compared to the other 5 projects. So, it is not only about lump sum projects are getting hampered in terms of net profit.

**Bharani Vijay Kumar:** Understood. So, what you are telling is because of the nature of work, that is primarily related to performance of margins

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

**Bharani Vijay Kumar:** Okay. But just to get the number, which is basically a percentage of order book which it pass-through, that will be helpful.

**P. S. Patel:** 67% of the projects are on item rate, and rest of the 33% of projects are lump sum.

**Bharani Vijay Kumar:** And item rate contracts have pass-throughs?

**P. S. Patel:** Yes. That has pass through. Yes.

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

**Shravan Shah:** Sir, trying to have some sense in terms of the margin and revenue. Though we said that the projects were at initial stage, and that's why the margin were lower versus which was not the case in FY22. But sir, in the last concall, we should be aware about these things. I know we were looking at close to Rs.900 crores kind of a revenue in the fourth quarter, and we have done Rs.727 crores. So just trying to understand in terms of the confidence that we are still giving for Rs.2,600 crores revenue guidance for FY 24. Again, wanting to understand how much delay can happen in this number. So, what's the risk in this number?

**P. S. Patel:** Absolutely right Shravan that the commitment which I gave was near to Rs.900 crores, and we have reached Rs.723 crores only. But the point here, it was something which we have also learned. Since past few years, we were having a large project of Surat Diamond Bourse that was at a single location, Rs.1,800 crores project at one location. While currently, the project is of Rs.1,600 crores in UP, which comprises of 7 projects, which again goes to 14 sites. So that has given a little bit pain to us in terms of execution and managing this in 14 locations.

And as I've already been saying since last 1 year, there are 2 issues related to consistency of availability of labour. There are a few issues related to getting the approval of the material on time. Since these are all government projects and when there is a lump-sum project, you can understand that the government are taking too much time in approving the things because it's not an item rate contract.

So, there are 2 things which have happened. And again, I would say that we have learned from this thing that we should be committing to things which is possible. And now whatever figure, which I am saying today would be achievable, and that's the confidence which I will go with.

Because again and again, we can't fail in terms of our words what we have been doing until now in the last 6 or 7 years.

**Shravan Shah:** Okay. Got it. That's helpful. Second thing is just wanted to understand these 2 UP projects where there is a delay Sultanpur and Sonbhadra. So, what is the value of that project, particularly 2 projects?

**P. S. Patel:** Those 2 projects are in the range of Rs.250 to Rs.275 crores. And that these 2 projects, I am saying is only the medical college part. So, it will be 50-50. So, you can say the overall project value for the hospital building will be in the range Rs.250 crores.

**Shravan Shah:** Sir, on Surat Municipal Corporation, I just wanted to further understand last time, we said Rs.300 crores, Rs.350 crores kind of revenue. So, this quarter already, we have started the execution of Rs.69 crores. So that should be a doable Rs.300 crores/Rs.350 crores revenue in FY24.

**P. S. Patel:** Yes, we should have planned accordingly, and we should be able to reach that for this year also Rs.300 crores.

**Shravan Shah:** Okay. And in terms of the order inflows of Rs.700 crores that we have already received. So, 2 clarities needed. First, is one Rs.350 crores, L1 was there Gujarat Tourism project. So, is it still L1 or it will be converted? And what kind of total order inflow we are looking for this year?

**P. S. Patel:** Day before yesterday only I think we shared order win release that says the order has been converted. That L1 has been converted into order. So, we have already received that order. And in the bid pipeline is Dharoi package 2. Dharoi package 1 is the one which we have already received and package 2, we are bidding. All in all, it is Rs.1,200 crores investment on the government side, divided into 3 packages. Out of that one, first part is already given to us, and second part we are bidding.

As far as order inflows during the year is concerned, we can consider 25% more than the revenue that we will be doing in FY24. So that will be in the range of Rs.3,000 plus.

**Shravan Shah:** Okay. Got it. And in terms of the working capital, I understand that number of days still is at what was there in December. So slightly lower at 41 days. But still on a yearly basis, the number has slightly increased. So particularly on the debtor days. So last time also, we said, we have received some money. So, this time, again, is the same case that as of March, there was debtor post March, we have received the money, so that's why the debtor days is on the higher side. So, will there is a possibility of the overall 41 days can reduce to 30-32 days?

**Hetal Patel:** Yes, we can say. Because as we said, we have already received for 31st March outstanding. From UP itself, we have received around Rs.100 crore and received for other projects also. So, it happens like within 1 or 2 months, we shall receive on March outstanding. So, it may be settle down at 30-35 days.

**Moderator:** Sir, the participant has left the queue. We move on to the next question, which is from the line of Ash Shah from Elara Capital. Please go ahead.

**Ash Shah:** Yes. So, I have one question. In the capital work in progress that ma'am mentioned that Rs.17 crores is towards Precast facility. So, are we like moving on to the Phase 2? And if yes, then how much capacity addition will that be? I mean we are already doing 1 million, if I'm not mistaken. So, can you just throw some light on that?

**P. S. Patel:** Yes. As I said that precast facility was created with a view to start catering to requirement for buildings and industries and warehousing. But later, when we started off, there is demand coming up on the infrastructure side. The largest order, which we received was from L&T for bullet train to supply data ducts, and electric ducts. Same way, there is a huge requirement for infrastructure in terms of storm water drainage which you must be seeing parallel to the roadside with road on both the sides.

Also, we thought of expanding the precast facility so that requirement from building side of business is not hampered. As the infrastructure requires only the space for putting the moulds whereas the building requires all types of machinery and all types of moulds, which has already been installed in the first plant. So, to cater more orders on the infrastructure side, we have created this new shed.

**Ash Shah:** And if you could just give us the revenue that we have incurred from precast facility for FY23 and margins if possible?

**P. S. Patel:** See, we are not able to exactly specify what is the revenue which we generated, but some of the things which we have done for captive, it was in the range of Rs.75 crores to Rs.80 crores. And this year also, the order which we are executing will be in the range of Rs.200-plus crores or maybe Rs.250 crores. That's the order which we are planning to execute this year, which is an order related to infrastructure and building.

**Ash Shah:** And last question, if I see your L&T project, it has been stuck at Rs.195 crores since the last three quarters. Is there any delay in that if you could throw some light on that?

**P. S. Patel:** Because this facility was created only for L&T to start with that. So, we have already started giving that product. Yes, it is little bit 45 to 60 days delay. But that was majorly because of the moulds which were compulsory required to be imported. That moulds were in agreement with the L&T that they will prefer an imported mould. And the delivery of the mould has been delayed by one month. So, overall delivery of the product is delayed by 45 days. So, probably that we will recover by working 24 hours. And there won't be any problem at the end of the day, at the end of the project.

**Ash Shah:** Thank you. That's all from my side.

- Moderator:** Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities & Finance. Please go ahead.
- Dhananjay Mishra:** So, we have already utilized Rs.897 crores of the fund limit. And we have Rs.1,047 crores. So, when we talk about Rs.2,600 crores revenue this year, do you expect this limit will increase or are the current limits enough?
- Hetal Patel:** Yes, for that we have already applied to the bank, and we have received the assessment note. And our lead bank has already approved the further extension of Rs.450 crores. So, we are in the process of signing up with the bank.
- Dhananjay Mishra:** So, do you expect this Rs.450 crores you will get in next two months?
- P. S. Patel:** Yes, one month or by two months.
- Dhananjay Mishra:** Okay. And in UP Medical College, the remaining Rs.770 crores we will complete in FY24 itself?
- P. S. Patel:** Yes. Only the project of Sonbhadra, which was given extension till April 2024. Rest all the projects will be completed before that.
- Dhananjay Mishra:** Okay. So Sonbhadra, what part will be left, about Rs.100 crores?
- P. S. Patel:** That is the hospital building only and that will be also at the last finishing stage. So, not much in terms of revenue will be left out. But as the extension of time limit is given till April 2024. So, I am saying may be it might go beyond FY24. Rest of all the hospitals will be completed by FY24.
- Dhananjay Mishra:** And out of this Rs.5,000 crores, we are executing all the projects or received BG limit for all the projects?
- Hetal Patel:** Yes. We are executing all Rs.5, 000 crores projects and they all are under execution.
- Dhananjay Mishra:** So, any project is not left for not awaiting BG limit?
- Hetal Patel:** We have spare limits of around Rs.100 crores as on March 2023.
- Moderator:** Thank you. The next question is from the line of Devang Patel from Sameeksha Capital. Please go ahead.
- Devang Patel:** Sir, I wanted to check for Surat Diamond Bourse, we've received the final certificate, and we are now eligible to bid for Central Vista. And on Central Vista, you mentioned Rs.1,200 crores project. But generally, what kind of opportunities for the next two years in packages, sizes do we expect to come up?

- P. S. Patel:** Yes, we have already received virtual completion on Surat Diamond Bourse. And based on that certificate only, we have bid for the MP office as we are qualified. The process of pre-qualification is underway. And as we have got that certificate, we will be able to bid for projects of more than Rs.2,000 crore.
- Devang Patel:** Sir, what kind of packages do you expect to come for Central Vista?
- P. S. Patel:** I mean, Central Vista, we can't envisage on what type of packages will come. But it will be in the range of Rs.750 crores to Rs.1,500 crores minimum. And on the large side, it can go up to Rs.2,000 crore single package or Rs.3,000 crore single package as it was given to L&T for three-faceted building. If they come up with two-faceted building now, it will be in the range of Rs.2,000 crores. But that package size, we are not able to envisage. That is because it is absolutely a government or CPWD call.
- Devang Patel:** Sir, my question was more like what kind of opportunity size will come up for us in the next two years?
- P. S. Patel:** That I said, if the project size is up to Rs.2,500 crores, we will be able to bid. And if the project size is beyond Rs.3,000 crores, we may not get qualified for that Rs.3,000 crores package. But up to Rs.2,500 crores package, any which is coming up in Central Vista, we will be able to bid for that.
- Devang Patel:** Sir, secondly on Precast, you said, you have given some details earlier. I wanted to understand what kind of capex we need to do now, which will give us what peak revenue. After that, how much will be internal consumption?
- P. S. Patel:** Actually, internal consumption is not something which we bid for a precast project. It is usually as and when required depending on the client's emergency to get some work done through precast. Otherwise, it is very difficult to envisage on existing projects to be converted into precast. But as far as the precast market is concerned, after doing this warehousing facilities for Godwitt, we are already in discussion of three or four more orders of Godwitt in and around Ahmedabad. Also, there are enquiries of storm water drainage ducts which is coming up in the GIDC and general road project, which we are already doing as a data duct and electrical duct for bullet train L&T.
- So, for this now the market is picking up. Now people are understanding how fast Precast can be done. We are also doing one building in Ahmedabad in precast. Once that building is completed, we are hoping that there will be more and many enquiries of precast on building side also.
- Devang Patel:** Sir, you mentioned taking board approval, so that envisages how much capex and revenue potential?

**P. S. Patel:** Yes, I think we have planned for about addition of Rs.45 crores of capex in that part. So Rs.17 crores has already been booked in this year. The rest will come in the next few quarters.

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

**Navid Virani:** Yes. So firstly, congratulations for registering such a strong order inflow this year. So firstly, I wanted to understand regarding the industry. So, there is a lot of data points coming out saying that the infra opportunity in India currently is larger than ever. So just wanted to understand from you as to how is the industry looking at this point compared to, say, three to four years before. So, if you can quantify, say, X number of projects on average were up for bidding, say, three, four years back, which has climbed up to say a larger number because of the infra opportunity which India currently provides.

**P. S. Patel:** Yes. So, the market has strengthened. In FY23, mostly all the order we received were from Gujarat. That itself speaks about the economical growth of the state of Gujarat and the economical growth of India. So many medical colleges coming up all over India as the government has decided to build medical colleges across India. All the districts, metros should have one medical college. All major states should have AIMS. IIT is also coming up.

on education and health, the government is already spending. And as far as capex related to private organizations, we have been working with so many private organizations and private companies. The repeat order from private sector speaks for itself. There will be huge capex coming up from private corporate. We work and execute orders for Essar, Arcelor Mittal steel plant expansion. In this case there are three or four more contractors are also working.

But as per the overall inquiry level and the present bid pipeline of Rs.6,000 crores, you can easily identify the level of inquiries and the level of development which is coming up. So, I would say that if you compare three, four years back, there were not such a huge inquiry in terms of private or government. But now we can say that both the level, government and private, there are huge inquiries, and the same thing has happened in the real estate sector also. There are large inquiries coming up. And there is a new development as we said that redevelopment of private projects or redevelopment of government buildings, that is also going to be a big amount of work in the next two to three years.

**Navid Virani:** Thank you. Thank you for such a detailed answer. Secondly, we wanted to understand that during this year, our cash flow operations has come out to be slightly weak. So, can you explain what created this pressure and what going forward should be the conversion rate, if at all you can give some guidance over there?

**Hetal Patel:** Yes, if you just go through the cash flow operations compared to previous year's figures, it has come down mainly due to increase in receivables and increase in other assets which mainly comprises of amount due from customers and then retention money. So, even inventories have also increased. So, this all has resulted because majority of new orders, Rs.3,000 crores of orders

we have started during the year. So, because of that, the cash flow is lower as compared to previous year. And, infrastructure expenses incurred for all these new projects were high.

**Navid Virani:** Okay. So, will it be fair to assume that the cash flow run rate going forward will improve compared to this?

**Hetal Patel:** Yes, it will streamline over a period.

**Moderator:** Thank you. There is a follow-up question from the line of Ash Shah from Elara Capital. Please go ahead.

**Ash Shah:** So, I had a question on the Bhiwandi and Pandharpur project. So, you said Bhiwandi, there is the arbitration going on. The arbitration has been started. So, can we expect any timeline for the same and how much amount are we claiming for in the arbitration?

**P. S. Patel:** The claim amount we shall not be in a position to declare. But yes, the claim amount is such that we will be recovering all the losses which we have declared and which we are now already booking in our books also. So, it will be, all our losses will be recovered in that claim which we have made for Bhiwandi.

As far as timeline is concerned, again, there is a law regarding arbitration law wherein government is pushing each arbitration to end by one year. So, let us hope that it should be completed in this one year only. As such, our claim is not based on some technical criteria, or the building has been done and some technical issues. It is purely based on the issuance of the land. So, probably it should close little bit early than what general arbitration claims usually takes time.

**Ash Shah:** And how much losses have you booked till now for Bhiwandi?

**Hetal Patel:** Yes, we have booked around Rs.9.5 crores.

**P. S. Patel:** As far as Pandharpur is concerned they have asked us to resume work with the view that we invest further into the construction of the project. And once the project is completed and they are able to sell it to the people, they shall pay us our dues But as a listed company, we are not investors into the project but are contractors. We have refused to continue by putting in more money into the project.

**Ash Shah:** Is there any chance that we can have this project back online after a quarter or two?

**P. S. Patel:** Yes, if it goes on like this, we will go into arbitration.

**Ash Shah:** Okay. And what will be the capex number for FY24, apart from precast?

**P. S. Patel:** I believe the range of 3% to 4%, which usually is the case in the range of Rs.70 to Rs.80 crore.

- Moderator:** The next question is from the line of Nikhil Kanodia from HDFC Securities Limited. Please go ahead.
- Nikhil Kanodia:** Sir, first of all, congratulations on the highest ever order inflow. And sir, pardon me, if I would have missed your guidance on the revenue front, margin front and the inflow front. So, can you please repeat that?
- P. S. Patel:** Revenue, I said about Rs.2,600 crores. As far as EBITDA and the margin will be in the same range i.e. EBITDA will remain between 11% to 13%. And as far as the projection of order inflow is concerned, we should target to achieve Rs.3,000 crore.
- Moderator:** The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.
- Uttam Kumar Srimal:** My question is to Hetal madam. Ma'am, our long-term debt has increased from Rs.17 crores last year to Rs.38 crores this year. So, are you expecting more increase in the long-term debt? Or is it even the same?
- Hetal Patel:** No, no, we will not be expecting any further long-term debt. This is mainly contribute to the precast addition and a few frames and other editing equipment.
- Uttam Kumar Srimal:** Yes in case of financial expense the increase last quarter was Rs.9.2 crores. So that run rate will go in the following quarters also as an amount?
- Hetal Patel:** Yes, same rate.
- Moderator:** The next question is from the line of Rajat Setiya from ithubought PMS. Please go ahead.
- Rajat Setiya:** Sir, first question is about Central Vista. Do you expect margins in Central Vista to be similar to your overall guidance of 11% to 13%?
- P. S. Patel:** For us, the margin category remains the same as far as our bidding criteria remains the same.
- The margins of Central Vista depend on the expense side and the complexity of the project. We calculate our overhead profit, so that brings in the same guideline that we have been doing in now.
- Rajat Setiya:** Okay. And how many players -- how many competitors were there in Central Vista that we have bid for?
- P. S. Patel:** Presently, now, if we talk about project sizes, more than Rs.750 crores, Rs.2,000 crores, I think we'll see 4 or 5.
- Rajat Setiya:** 4 or 5 players.



- P. S. Patel:** Yes.
- Rajat Setiya:** Okay, okay. And on Dharoi package side you said Rs.1,200 crores is the project value that you have bid, there are three packages and 1 you have already been awarded. Is that correct understanding?
- P. S. Patel:** Yes. That is on the Dharoi project package. There is a development on the tourism side. There is a sports activity side, which is going to be developed on this dam site of Dharoi. And on the downstream, there will be resorts and other activities for the tourists. So, there is 3 packages, which is coming up on package 1, 2 and 3. Total investment which government has already declared is Rs.1,300 crores. So, first package, we've both, the second we are bidding. And third, the bid will begin maybe 2 or 3 months down the line.
- Rajat Setiya:** How are you seeing the activity in the real estate and the industrial side? Are the orders or the demand picking up there?
- P. S. Patel:** It is, again, a question which one can't predict anything because there are few expansions that are coming from corporate. There are a few projects which are coming from government, which comes on gradual routines. There are few developers soon after completing a one small project or other project, they come up with a large capex.
- So, this again depends, and there is such data available on the website, like infrastructure investment of government. So, when we are working on private sector, building data are not available on the each government site that is that being considered for the budget.
- Rajat Setiya:** Sure, sure. And sir, how much retention money release do we expect in the next 12 to 18 months?
- Hetal Patel:** We have bifurcated around Rs.34 crores in current retention money.
- Rajat Setiya:** And non-current of that, how much do we expect in the next year all of it or just some part of it?
- Hetal Patel:** Rs.101 crores, which may come up over next 2-3 years.
- Rajat Setiya:** Okay. And in terms of the finance goals that we had in this quarter, so last quarter, we did somewhere around Rs.500 crores in sales, and our finance cost was around Rs.10 crores. In this quarter, we did Rs.730 crores of sales, and our finance cost was Rs.9 crores. If you can help me understand, I mean, despite the higher execution on a higher side, finance cost is the same.
- Hetal Patel:** Last quarter, we utilized the funding facilities on a higher side. And this quarter, it was on lower side because we have received mobilization advances from major new customers.
- Rajat Setiya:** Okay. So, we didn't have to use the working capital limits, right?
- Hetal Patel:** Yes.

- Rajat Setiya:** Understood. And the 2 delayed projects that you mentioned in UP, now they're back on track, right?
- P. S. Patel:** Yes, it has already on track since last 8 to 9 months. Only the handover of the land at the initial stage of the project was delayed.
- Rajat Setiya:** Right and sir, one final question from my side about other income. We have been reporting somewhere around Rs.5 crores to Rs.8 crores in the last quarter. Is this something that is related to the core nature of the business? Or is it noncore in nature?
- Hetal Patel:** During this year, the interest on fixed deposits had increased. So even even FD amount has also slightly increased compared to the previous year. And at the same time, that interest rate has increased. So that can be the reason for increase in other income, and we have like some of the mobilization given to our subcontractors. So, we are getting interest from them also.
- Rajat Setiya:** Understood. And whatever mobilization had one that interest on mobilizing advance that we pay to our customers that is recorded in the other expense?
- Hetal Patel:** Yes. That is in finance cost.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, in the bid pipeline, you have already mentioned the projects. Just wanted to understand, if we have started looking at any other state where we want to go from Gujarat, Maharashtra, UP or Delhi, any other state, are we looking at?
- P. S. Patel:** It is not about if we are looking at any other state. It is always about the opportunity and the type of competition, which I've been telling since long. Whenever we consider a new state, we always try to see what type of work it is, what is the level of competition.
- We usually try to maintain that the size of the projects would be substantial so that we can have a justified expense on the infrastructure side and the management side. If the project is small, it will not work for us. But yes, if it is a large project, we would bid for that project. And in this bid pipeline, only there are two projects, which is out of state, rest of the other project pipeline, Gujarat only.
- Shravan Shah:** Okay. And what is the size of Gems and Jewellery project?
- P. S. Patel:** It is Rs.2,500.
- Shravan Shah:** And when is it likely to be awarded?
- P. S. Patel:** Maybe by 1 or 1.5 months.

- Shravan Shah:** Okay, And secondly sir, on the SDB front, is there any limit that we will be getting to over any new limit will be free of next 6 months for the SDB?
- Hetal Patel:** No. Our performance BG will get released in FY24 only.
- P. S. Patel:** Yes because it has a defect liability of 2 years. So, June was our first-year virtual completion. So, this June, it will be one year completed. And June 2024, it will be second year of defect liability. So, we'll get that money at that time.
- Shravan Shah:** So how much broadly Rs.150-odd crores we will be getting?
- Hetal Patel:** Rs.80 crores.
- Shravan Shah:** Okay. Got it. Regarding the retention money, you said Rs.107 crores plus Rs.34 crores. So put together, it is Rs.141 crores.
- Hetal Patel:** Yes, it is Rs.101 crores plus Rs.34 crores.
- Shravan Shah:** Okay. Rs.101 crores and Rs.34 crores. And unbilled revenue?
- Hetal Patel:** Rs.257 Crores.
- Moderator:** We'll take last two questions now. I'll announce it. The next question is from the line of Rushabh Shah from RBSA Investment Managers. Please go ahead.
- Rushabh Shah:** Sir, currently the revenue is around Rs.2,000 crores. And so, in the near future, we might reach Rs.4,000 crores to Rs.5,000 crores. So just had a 2-part question in this regard. Is it possible that we reach this number only from building construction and the areas that we currently operate in?
- And secondly, at that scale, which areas do you think that we need to strengthen further? And what challenges would we be facing? If you could share your thoughts, sir, on these two questions?
- P. S. Patel:** Yes. When the company grows at the pace of 20% to 25% year on year, you are always going to get talent who shall work and get experience of working in unison with the company's culture. We strive to maintain that aspect, that is something which is achievable. Only the challenge, which, again, I would say, will be the execution capabilities of the company., and that goes as again human resources. So that will be the biggest determinant at the large bidding projects. To be best to a good company, an execution is being done through a good quality, people at administrative level, at supervision level and at the managerial level.

- Rushabh Shah:** And sir, there is some news flow regarding increase in minimum daily wages by Gujarat government. So, is it in force right now? What impact you see on the margins? What is the status of this?
- P. S. Patel:** No, no, it has not been imposed. It will be imposed soon.
- Rushabh Shah:** And sir, this railway station redevelopment, Are we looking to bid such projects?
- P. S. Patel:** The tender is yet to come, I think, but we are waiting that if we can qualify, we'll be able to bid.
- Rushabh Shah:** Okay. Okay. And sir, just last question on Gujarat versus other states. How is the competition intensity? Is it the same? Or is it increased in the last 6 months or so?
- P. S. Patel:** When the size project is up to Rs.500 crores then every state has its own local competition at the lower level. But when the sizes of the projects are more than Rs.500 crores, we have 5 or 6 companies, they always come in higher value size of the projects.
- But again, if we are working more in Gujarat, the companies who are strong in Hyderabad may not bid for projects up to Rs.500 crores or Rs.700 crores in Gujarat. They can plan for projects of more than Rs.1,000 crores when they are quoting in our state.
- Moderator:** Ladies and gentlemen, this would be the last question for today, which is from the line of Balkrushna Vaghasia from Axanoun Investment Management. Please go ahead.
- Balkrushna Vaghasia:** I have two questions. First is regarding the SMC building project. So, what is the completion date for that project?
- P. S. Patel:** I think it's a 3-year project. So, we have just started in March 2023.
- Balkrushna Vaghasia:** Okay. And the second question is related to retail malls that are coming up. So, for example, Lulu group mall in Ahmedabad or Phoenix Group Mall in Surat. So, are we bidding for those kinds of projects?
- P. S. Patel:** Yes, yes. So, there are 2 more cities coming up and one mall because of Phoenix -- we've done in Ahmedabad. There is one more going to come up in Surat. So, we will be bidding for those types of projects. And it is coming from large mall developer or large investment company like Phoenix.
- Moderator:** Ladies and gentlemen, as that was the last question for today, I would now like to hand the conference over to Mr. P. S. Patel for closing comments. Over to you, sir.
- P. S. Patel:** Thank you everyone for your continued support and bestowing trust on us. We hope that we have been able to address most of your queries. In case of further queries, you may reach out to



*PSP Projects Limited*  
*May 18, 2023*

our investor relation advisor – EY and they will connect with you offline. Thank you, Amar, for hosting our call. Thank you, God Bless.

**Moderator:** Thank you.

**Hetal Patel:** Thank you.

**Moderator:** On behalf of Ambit Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.