

Ref No: PSPPROJECT/SE/109/18-19

February 14, 2019

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

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

Dear Sir/Madam,

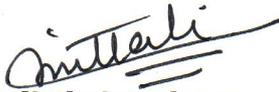
Subject: Earnings Conference Call Transcript Q3 FY2019

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/104/18-19 dated February 04, 2019 regarding conference call to discuss financial results for quarter and nine months ended December 31, 2018, please find enclosed copy of transcript of the said earnings conference call held on Monday, February 11, 2019.

Kindly take the same on your record.

Thanking You,

For **PSP Projects Limited**



Mittali Christachary
Company Secretary & Compliance Officer

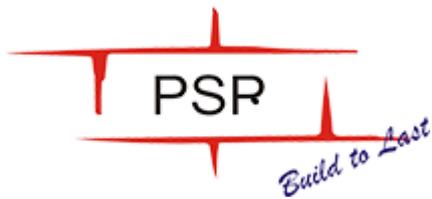


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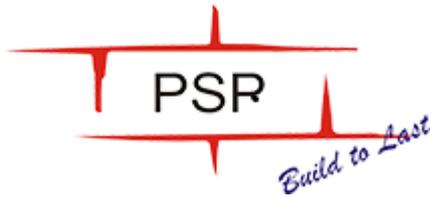
“PSP Projects Limited
Q3 FY2019 Earnings Conference Call”

February 11, 2019



ANALYST: **MR. SHRAVAN SHAH - DOLAT CAPITAL**

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



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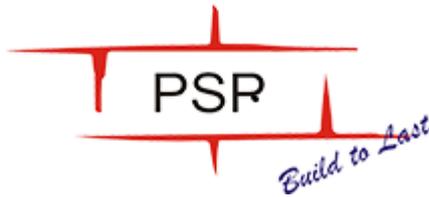
Moderator: Ladies and gentlemen, good day and welcome to the PSP Projects Limited Q3 FY2019 Earnings Conference Call hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shравan Shah from Dolat Capital. Thank you and over to you Sir!

Shравan Shah: Thank you. Good afternoon everyone. I and my colleague Mr. Maulik would like to welcome you all for Q3 FY2019 earnings conference call of PSP Projects Limited. We thank the management for giving us the opportunity to host the call. From the management, we have Mr. P.S. Patel, Chairman, Managing Director and CEO and Mrs. Hetal Patel, CFO. Without wasting much time, I would now hand over the floor to the management for their opening remarks and then we can have Q&A. Over to you Sir!

P.S. Patel: Good evening everybody. This is P.S. Patel, Chairman, Managing Director and CEO of PSP Projects Limited. I welcome you all to this call, which focuses on our company’s performance in Q3 and nine months of FY2019. So as usual, before we move to the financial statistics and performance of Q3, I would like to throw light on a few of the key developments of this quarter. I am glad to share that HURUN REPORT INDIA honoured me with the 2018 most respected entrepreneur award in construction category on December 13, 2018 at Mumbai.

Company bagged 13 orders worth Rs.399.10 Crores in this quarter from the government, industrial institutions and residential sectors. The major awarded projects includes hospital project of Rs.67.88 Crores by Torrent Group Company in Surat. A repeat order from Ahmedabad university of Rs.51.80 Crores to construct Students Activity Center in the same campus where we are doing their school of arts and science. We are awarded with a small size, but very prestigious project of C.G. Road refurbishment project by Ahmedabad Municipal Corporation under smart city development. We are also stepping our feet in Maharashtra with our first project in Pandharpur where the construction of affordable housing at the Pandharpur Mahanagar Parishad amounting to Rs.176.45 Crores. The project is quite similar to the affordable housing projects, which we have done in Ahmedabad.

One more pharma project we have received is Rs.25.25 Crores in Corona Remedies, which shows pharma clients interest on PSP continuously. I am happy to share that our total 13 orders in this Q3 orders are from repeat customers. So company’s outstanding order book on December 31, 2018 is Rs.2701 Crores including 40 projects under execution and without Surat Diamond Bourse work on hand is Rs.1417 Crores. Company has booked Rs.261.09 Crores revenue from operation this quarter where we have about 53% year-on-year growth. We have successfully completed 4 more projects in this quarter, which took the numbers of projects completed to 114.



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Our pipeline is about Rs.3000 Crores. As an update, I would like to give you about Surat Diamond Bourse work in progress also, so presently RCC work is going on, on a very fast rate, about 6500 people are working at site and about 5 towers we have with an average to 8th and 9th floor and further floors averaged to 3rd and 4th floor.

We have already started the activities of MEP at site. We have already placed orders for MEP and the work is also in progress. Regarding brick for plaster that our activities also started in the buildings where ground floor and first floors are clear. We have already placed orders for facade also and all the contractors have been given the order, so probably we will be starting some facade work at ground on site from February and to March first week. It is an update on USA. As you know that we have a subsidiary company in USA named as PSP Projects INC, which is by 50% partner in P & J builders LLC, so I would like to update you on the project moment there too. We have two projects in USA, one is in Livermore and the other is in San Francisco both are in California. The Livermore project, which has two houses within outhouse on each on the verge of completion and we are expecting those ready for sale by April 2019.

We are expecting about \$2.5 million revenue from sale. The San Francisco project is on initial stage where we have invested \$1.9 million for the land and we are in process of obtaining the entitlement for which the neighborhood meetings are going in process. We are expecting to receive it by June-July post which we will be able to apply for the construction permissions. For this project PSP Projects Limited has invested \$3.45 million till now, so these were the key highlights from my side. For detailed financial disclosure, I will request our CFO Hetal Patel to take it forward. Thank you everyone to be a part of this call.

Hetal Patel:

Thank you Sir. Good afternoon everyone and welcome on the call. Let me first brief you about the standalone results financial highlights for the third quarter ended on December 31, 2018. Company has booked revenue from operations of Rs.261.09 Crores for Q3, which has increased on Y-o-Y basis by 53% as compared to previous year's Q3 revenue of Rs.170.80 Crores. The revenue generated from SDB project was Rs.93.38 Crores during Q3. EBITDA for Q3 is Rs.36.69 Crores, which has gone up Y-o-Y basis by 38% as compared to previous year Q3 EBITDA of Rs.26.56 Crores. Profit after tax including the comprehensive income for the quarter is Rs.21.48 Crores, which has increased on Y-o-Y basis by 42%, which was Rs.15.14 Crores in Q3 of the previous year. The EBITDA margin is 14.05 and PAT margin is 8.08 for the quarter.

Employee cost for the quarter has increased from Rs.7.4 Crores in Q3 of FY2018 to Rs.10.73 Crores in Q3 of FY2019. This is mainly attributable to increase in number of employees from 728 to 1043 as on the last date of both the quarters respectively. Increase in deprecation from Rs.2.76 Crores in Q3 of FY2018 to Rs.6.20 Crores Q3 of FY2019 is mainly attributable to additions in fixed assets of Rs.52 Crores during January 2018 till December 2018 and a reduction in useful life of certain assets as per management review. Now I will brief you about the work on hand data. The total value of work on hand of Rs.2701 Crores as on December 31, 2018, which



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comprises Rs.1284 Crores for Surat Diamond Bourse project and Rs.1417 Crores for other projects.

The outstanding order book excluding SDB project of Rs.1417 Crores is distributed over four regions 78% within Gujarat, 12% will to be executed in Maharashtra, 5% in Karnataka and 5% of work on hand to be executed in Rajasthan. The other project work on hand comprises of 60% of institutional project, 13% from industrial project, 12% from government project, 14% from government residential and 1% from residential projects. With this I end up giving key highlights of the company's financial performance and now we are open for question and answers session. We request the moderator to take it forward. Thank you.

Moderator: Thank you very much, Madam. Ladies and gentlemen, we will now begin with the question and answer session. We have a first question from the line of Dhruv Agarwal from Karvy Portfolio Management Services. Please go ahead.

Dhruv Agarwal: Good afternoon and congratulations for a good set of numbers. Sir, if could tell me for the first nine months of this financial year, what is the total revenue which has been booked for the Surat Diamond Bourse?

Hetal Patel: It is Rs.232 Crores for this financial year and we have booked in FY2018 of around Rs.59 Crores.

Dhruv Agarwal: The bidding pipeline currently is Rs.3000 Crores, correct?

P.S. Patel: Yes.

Dhruv Agarwal: Sir, are you L1 in any of the projects right now?

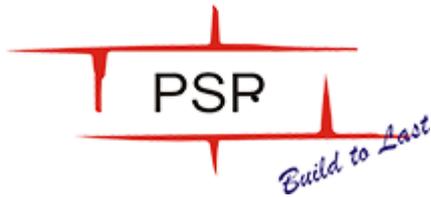
P.S. Patel: We are L1 in one of the projects, but still we are waiting for the order, so we could not disclose the name of client now.

Dhruv Agarwal: If you can give an idea of what is the order size?

P.S. Patel: It is about Rs.80 Crores.

Dhruv Agarwal: What are the two-three or three-four risks that you see for the company as a whole in the coming time?

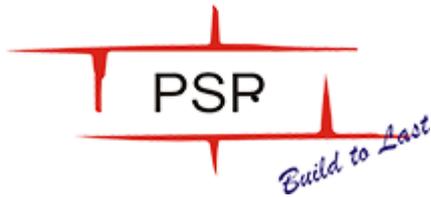
P.S. Patel: I do not see any risks, as of now in terms of management because the volume of work, which we are handling presently and the projects, which we are completing every month, so whatever the projects, which we are getting new and through the own resources so probably presently we do



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not see any risk in terms of working capital also we are also self-sufficient, so as of now I do not see any risk in the coming two months.

- Dhruv Agarwal:** Sir, last one bookkeeping question, you have utilized the full IPO money?
- P.S. Patel:** Yes, we have already utilized the full IPO money.
- Dhruv Agarwal:** Thank you so much, all the best.
- Moderator:** Thank you. We have the next question from the line of Kushal Khandwala from Lucky Investment. Please go ahead.
- Kushal Khandwala:** What is the working capital except mobilization advances as of date?
- P.S. Patel:** Can you repeat the question?
- Kushal Khandwala:** What is the working capital except mobilization advances as of date?
- Hetal Patel:** You mean to say what is the number of total value of mobilization advances?
- Kushal Khandwala:** No, the working capital, what is the current working capital in terms of turnover?
- Hetal Patel:** Current working capital, in terms of turnover, if you see we need around 15% to 20% of working capital in our financial process.
- Kushal Khandwala:** 15% to 25% and any big projects in pipeline by that I mean any projects greater than Rs.1000 Crores ticket size?
- P.S. Patel:** No, as of now there is no project, which is in the pipeline above Rs.1000 Crores.
- Kushal Khandwala:** What is the cash flow for operations on a nine-month basis?
- Hetal Patel:** We have not prepared balance sheet numbers; it is on only P & L we have reported, not finalized balance sheet numbers.
- Kushal Khandwala:** We have almost 90% of our operations taking place from Gujarat, so by FY2020 can we diversify in other regions, so what could the next be?
- P.S. Patel:** See, we have been always telling that we would like to keep our presence out of Gujarat, it can be up to 30%, but it ranges from 10% to 30%, so it is not necessary. As far as we are getting projects in Gujarat, we will be much more focused in Gujarat, but at the same time if we are



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getting a good opportunity at good rate we will always work on out of Gujarat, but we are a bit selective when we talk about out of Gujarat.

Kushal Khandwala: Thank you so much.

Moderator: Thank you. We have the next question from the line of G Vivek from GS Investments. Please go ahead.

G Vivek: Please highlight the unique spends in points our company vis-à-vis competition, for example the labour strength I believe is very good for us, and especially we take great care of our labours?

P.S. Patel: If the company is presently operating with the labor strength of about 11000 to 12000 out of which 6000 people are already working out of which 50% strength is in Surat, so since we have been the best pay master and giving good facilities to the labour, we have never faced such problem of labour at any point of time.

G Vivek: Similar to this what are the other strengths, which we have for the company?

P.S. Patel: See, strength of the company if you say we have been getting repeated orders from most of the client, so commitment to the quality and the timeline of the project is the strength of the company and that is not the strength of one or two projects or one or two years, which has been proven at about 11 years we have been delivering projects on time and that is the biggest strength we have you can say and the second strength is we are now into each and every field of construction right from design to build MEP, so that is the strength you can say differentiate from other contractors.

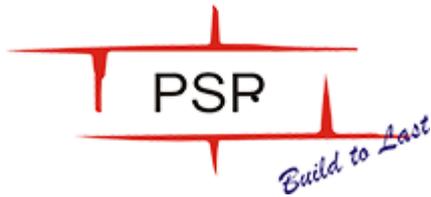
G Vivek: And Sir I believe you have taken special care of some of the labours, some of our employees providing with specially constructed flats at a subsidized price?

P.S. Patel: Constructed flats?

G Vivek: Flats for your employees especially.

P.S. Patel: No, we usually give a better facility for our labours, we have modular houses, we have a very modular toilets, we provide them hygienic environment to work and stay also and the benefit, which we are passing on to the labours is timely payment that is the biggest requirement of any labour and the second fact that we also facilitate labor contractors from getting all the licenses, getting the GST, getting the registration of putting the GST return, so these are the facilities we provide to the labours, so they can concentrate more on work and providing a good facility in health environment, they are able to give us better insight.

G Vivek: What about the permanent employee, Sir?



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P.S. Patel: Permanent employees, who are based in the company it is based on the salary only and those people who are given house rent it is a different story, but we did not provide any houses for the permanent employees.

G Vivek: Sir, recently you have passed an order from Mumbai and how big was that and how big was that setback and how will you compensate?

P.S. Patel: It was an order of 535 Crores from Sumer group, it was a project based on TDR once they give us the invoice the financial terms and condition was not discussed in detail, but while going through the detail financial terms and condition for the work order we are not getting easy in terms of getting finance as an advance and hence reassigned on the milestone basis, so we regretted that order because of the terms and conditions not getting easy at both level.

G Vivek: Going forward so you would like to focus only on private sector or as well as on the government sector?

P.S. Patel: See, we are always focused on private sector, at the same time we always bid for projects, which are having some value addition or some image line we have in that project, so was those projects where there is something different for the government when we bid for those kind of projects, otherwise we are mostly focused on private sector.

G Vivek: There was a notification in stock exchange regarding a loan extended to our US subsidiary something worrisome on that part, some exposure to your US subsidiary Sir?

P.S. Patel: US subsidiary?

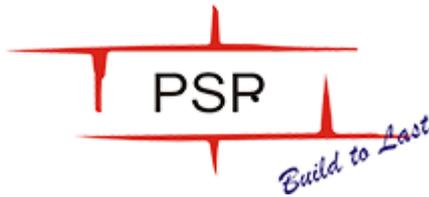
G Vivek: Yes.

P.S. Patel: I have already briefed you about that subsidiary in my call, so what type of question you are asking I am not getting?

G Vivek: At least give some details of your subsidiary, what is the type of work is there and what is the opportunity for that US subsidiary?

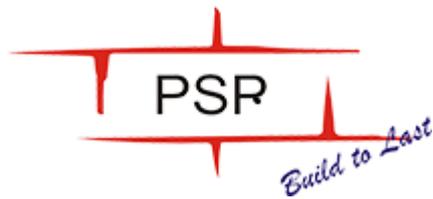
P.S. Patel: That subsidiary I already told you they are doing two projects in USA, one is in Livermore and second is in San Francisco and first project is almost ready and we are going to put in on sale after April 2019, the second project, which I told is San Francisco there we are going to build 15 houses that project we have already own the land and the entertainment process is going on, so that will be completed somewhere by June-July and then onwards we will get the permission of construction or we will apply for the construction permission.

G Vivek: So, any margins are much better there?



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- P.S. Patel:** No, it is not about our margins, this is we started before coming to the IPO, we thought that there are small things if you start some business in USA to a level where we can have some experience also and we are only doing small size projects presently and in future if you find good margins then we will continue.
- G Vivek:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Thanks for the opportunity and congratulations for good quarterly results. Sir, my question was, you always guided for 12% to 14% margin and it is heartening to see that we have been clocking on the higher end of the guidance at 14% in the last three quarters, just wanted to understand is this number sustainable going forward or what could be a comfortable range for next year FY2020-FY2021?
- P.S. Patel:** Every time we have been telling you 12% to 14% the reason behind is also it was discussed in the past that each quarter the project is at a different state, so when the project is at different state the profit margins are at a different, different level because if you are in the finishing state the profits are bit higher, so if you are in the starting state the profits are a bit lower, so we just say keep this margin in that quarter if you are operating at about 30 to 40 projects at what stage that project is during that quarter and going to the EBITDA margins sustainable between to 12% to 14% yes, still we are sure because whatever bidding we are bidding on the same line with the expectation of 12% to 14% at EBITDA.
- Ankita Shah:** I am just trying to understand every quarter we are at the best end of the work only at 14%, so is it comfortable that we take 14% sustainable going forward, that was the question actually?
- P.S. Patel:** Yes, you can do that, but you can say that I am a bit conservative on giving that figure that I am saying 12% and every time landing beyond 14%, but again I would say it depends on the type of the project and type of the work, which has been getting carried out in that quarter, so probably presently the mix is going in a way that every time we are landing above 14%, sometime it may happens at 13% also.
- Ankita Shah:** Sir, on the SDB side this year we could clock around 350 Crores of revenues for that project for FY2019, correct?
- P.S. Patel:** Presently I think we have reached towards 232 Crores, so we will be landing somewhere near to 350 this year.
- Ankita Shah:** What are your expectation for next year and the year after 2020 and 2021?



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- P.S. Patel:** For SDB only?
- Ankita Shah:** Only SDB.
- P.S. Patel:** So, you can say the next year onwards we will be somewhere between 700 to 750 in the last quarter after April we will be somewhere in the range of 350 to 400.
- Ankita Shah:** Great and Sir on your investment in subsidiaries I wanted to understand last year according to the annual report 18.5 Crores is the loan given to the foreign subsidiary in FY2018, any incremental loans given in nine months FY2019 to the foreign subsidiary?
- P.S. Patel:** As of now, it is 24 Crores, which we have invested in the foreign company that is the total.
- Ankita Shah:** Incremental this year would have been 5 Crores additional that has gone up?
- P.S. Patel:** May be you can consider 5 Crores as an incremental in this year.
- Ankita Shah:** And anything in the other subsidiary Proactive?
- P.S. Patel:** No, Proactive still it is on the same line whatever we have invested and actually that project is going bit slow, so presently it is on the same stage and we have not started any other project in Proactive.
- Hetal Patel:** We have actually provided loan to Proactive, once we have taken the approval in AGM, so around 5 Crores approval we have taken and we have provided around 3 Crores of loan to that company.
- Ankita Shah:** In nine months?
- Hetal Patel:** Yes, nine months.
- Ankita Shah:** Sir, on your inflows nine months now after that project getting terminated excluding that 8 Crores is the order inflows in this year, so is there any project in pipeline for the fourth quarter and what is the numbers that we are looking?
- P.S. Patel:** Regarding the projects I cannot say the name of the project as of now, but I am confident that we will be able to cross 1000 Crores, which we have projected.
- Ankita Shah:** For next year?
- P.S. Patel:** Next year again keeping the same story whatever turnover you do that much order book if you can manage, I think that would be the better way to handle 30% to 35% growth. This year we are



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going on landing at 1000 Crores as a sales and if we are getting an order more than 1000 Crores next year we expect 1350 Crores as sales and then the order should be somewhere in the range of 1500 Crores.

Ankita Shah: Sure and just one last thing on the project that recently got terminated in Maharashtra, was it because of advances not as per our expectation, I actually did not understand what was the reason that you gave for that?

P.S. Patel: See the rates were lucrative and the logistic was lucrative, environment was good, so to start for a company like me to establish in Mumbai it was a nice project, the only reason, which we have to deny is in terms of advances and the milestone payments.

Ankita Shah: Got it. Thank you for the opportunity.

Moderator: Thank you. We have the next question from the line of Rakesh Wadhvani from Stallion Asset. Please go ahead.

Rakesh Wadhvani: My question got answered. Thank you.

Moderator: Thank you. We have the next question from the line of Ritesh Bhagwati from Rockstud Capital LLP. Please go ahead.

Ritesh Bhagwati: Thanks for taking my question and congrats on good set of numbers. Sir, I was looking for P&L statement and I realized there is one item that is depreciation, which is recorded at 6.2 Crores versus 2.7 Crores that is roughly 124% jump on Y-o-Y basis, so what is the reason for that?

Hetal Patel: I have already mentioned that we have added around 52 Crores in the calendar year from January 2018 to December 2018, so because of that cumulative depreciation has also increased for this quarter.

Ritesh Bhagwati: Are there any side establishment expenses do we incur?

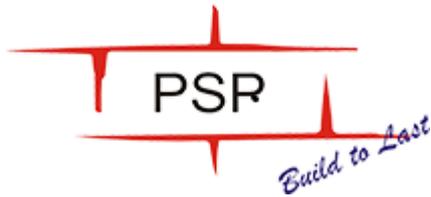
Hetal Patel: Yes, that we are treating it differently, we are not stating it in fixed asset.

Ritesh Bhagwati: So, how do we treat that?

Hetal Patel: Amortizing it over the tenure of the project, so the expenses will be amortized on a monthly basis once it is incurred in the initial stage of project.

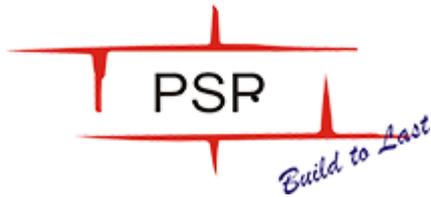
Ritesh Bhagwati: Under which line item do we amortize it under depreciation?

Hetal Patel: No, not in depreciation it will come in cost of material and change in inventory mainly.



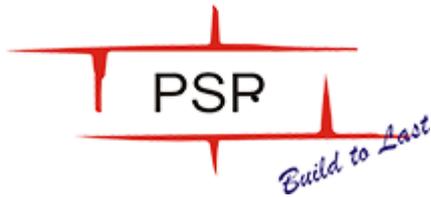
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- Ritesh Bhagwati:** That is what I wanted to understand and lastly on the current order book like as on December 31, 2018 we had 2700 Crores of order book and obviously there is a termination of 530 odd Crores, so as on date we have 2700 Crores order book, is that order is correct?
- Hetal Patel:** Yes, we have 2700 Crores of total order books as of now.
- Ritesh Bhagwati:** Thanks a lot. That is it from my side.
- Moderator:** Thank you. We have the next question from the line of Chintan Sheth from Samiksha Capital. Please go ahead.
- Chintan Sheth:** Thanks for taking my question. Sir, basically I wanted to understand on the loan given to US subsidiary, is it loan given or investments we made in the subsidiary income of equity 18 Crores to 24 Crores, which has increased from last year to till date?
- Hetal Patel:** We have the initial investment that is in share capital it is a different thing and this is shown as a loan to US subsidiary and we are taking interest on it.
- Chintan Sheth:** So, basically the 24 Crores will be loans in advances given to subsidiary right?
- Hetal Patel:** Yes, it will be like long-term nature.
- Chintan Sheth:** Sir, the \$2 million of revenue realization you are expecting from the Livermore project, the cash flows, which we will be generating over there will be flowed back to India or will be re-invested in US?
- P.S. Patel:** Presently, we have a project, which is I told you that is there is one more project of San Francisco, which is much, much bigger than the project, which we have done, here we have done only two houses out of these along with the two houses and the projects we are doing in San Francisco it is in the heart of the city and where there may be building about 15 houses, we have put in a presentation of 15 houses, if we get permission for 15 houses and that project will give us some money in terms of construction also, so presently we will not get the money back as of next year.
- Chintan Sheth:** So, with \$2 million of sale what kind of cash flow we will be generating from the Livermore, it will be positive?
- P.S. Patel:** Yes, you can see it is positive because initially we bought a land of \$5.72 lakh and we made a construction of about \$1 million, so we said 2.5 million, so it will be in the range of 0.9 to 1 million income in that project.
- Chintan Sheth:** That will be reinvested in the San Francisco project?



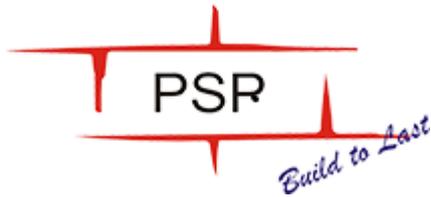
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- P.S. Patel:** Yes, especially for Livermore project.
- Chintan Sheth:** Yes, I understand and Sir in terms of few projects were getting if I look at your projects like BSE forum project is still not moving till the time we have received the order last year, so when can we expect the order to move and again on the share of project in Rajasthan is not moving, so is it fair to assume that project is also not moving?
- P.S. Patel:** No, see Rajasthan project, out of those two projects, three projects were there, out of that one project is almost completed and the second project is also 90% completed, so that will be also in May or June we are completing the project also and about BSE you must be knowing that it is in the GIFT city and there are very stringent terms and conditions in terms of the approval from the GIFT city, so get these structures ready, they do not give us a permission, so they give permission stage wise, we have already started the project, mobilized the project, we have already purchased scheme on that project also, we may start any time the footing part, but we are waiting for the approval of structure going from the GIFT city within 10 to 15 days.
- Chintan Sheth:** And Pandharpur the residential project, what is the timeline for that execution two years or less than that?
- P.S. Patel:** Pandharpur is 30.
- Chintan Sheth:** 30 months project?
- P.S. Patel:** Yes.
- Chintan Sheth:** Can you provide the debtor numbers as of December?
- Hetal Patel:** It is around 140.
- Chintan Sheth:** As we agree increase our execution in Q4 given that Q4 is slightly higher relatively compared to three quarters do we see this somewhere inching up further in Q4?
- Hetal Patel:** No, it will be in the line because our quantum of work will be on a similar basis Q3 and Q4.
- Chintan Sheth:** So 140 even 50 kinds of numbers we can expect to close this year?
- Hetal Patel:** Yes.
- Chintan Sheth:** What is the cash kept in FDOD as on date?



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- Hetal Patel:** Total FD as on December 31, 2018 is around 260 Crores and out of it various margin securities that have been provided against BG FDOD, but as mentioned the free FD amount of around 110 Crores and 110 Crores is the free FD.
- Chintan Sheth:** 110 Crores is free FD and rest is FDOD.
- Hetal Patel:** BG and then FDOD.
- Chintan Sheth:** Got it Madam. Thanks I will join back in queue.
- Moderator:** Thank you. We have next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** My question has been answered Sir. Thank you.
- Moderator:** Thank you Sir. We have next question from the line of Sagir Khericha from Chartered Capital & Investment Limited. Please go ahead.
- Sagir Khericha:** Sir, my question is on the lines of our residential projects, so got into the presentation, we do not have a lot of order book or we do not do a lot of residential work, so what is the reason for the same and PSP Project not interested in bidding in residential projects or you do not have a lot of projects in hand or could you just throw some light on that?
- P.S. Patel:** Sir, there are two type of residential projects, one is majorly projects are coming from a government side and the second is from the private sector, so as far as private developers are concerned, we are very much not bidding too much on the private sectors as I have said residential because there are some uncertainty of payment look into the market and as far as government projects are concerned again there is 400 Crores and 50 Crores there is a huge competition within the bidders, so we try to concentrate on projects worth more than 150 Crores and we try to limit our sales because the profit margins, which you expect in government sector is sometimes gets so low that because of the competition we try to avoid to bid for those projects. In private residential, as I said there is a bit risk in terms of market selling up to the developers. We tried to avoid that otherwise we are presently having some of the project or we have done some of the projects for government, those project sizes are big.
- Sagir Khericha:** My question was mainly on the lines of this private residential only, so because of the uncertainty with the developers is that bothering you and is that why you are not bidding and in the future if the residential market picks up?
- P.S. Patel:** You can see out of the uncertainty also and you can see the type of residential project in Gujarat the developers may not come to us for residential project. When the project sizes are more than



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150 Crores in terms of construction they do come to us, but presently I do not see any huge size of residential project they must be searching for big contracted layers.

Sagir Khericha: Thank you Sir.

Moderator: Thank you Sir. We have next question from the line of Rachit Kamath from Anand Rathi Financial Services Limited. Please go ahead.

Rachit Kamath: Good afternoon Sir. Great set of numbers, congrats to you on that. May I have a gross debt as on Q3 end?

Hetal Patel: Our asset block as on December 31, 2018 is 155 Crores.

Rachit Kamath: Madam, I was talking about borrowing like long-term, short-term and current maturity?

Hetal Patel: Mainly we are using our FDOD purely, so that has been utilized till up to around 35 Crores and 15 Crores CC has been utilized in December.

Rachit Kamath: 15 Crores of CC?

Hetal Patel: CC facility.

Rachit Kamath: Madam, what is the total limit available to us like last time if I remember it was 410 Crores if I am not mistaken?

Hetal Patel: Yes, it is 410 only, but we are utilizing the bank guarantee facility out of it.

Rachit Kamath: Okay, bank guarantees.

Hetal Patel: It is not a financial facility we are utilizing.

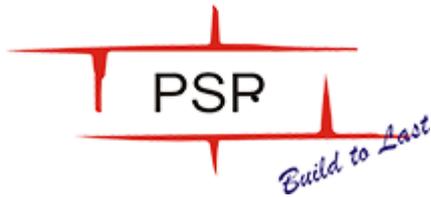
P.S. Patel: Non-fund basis.

Rachit Kamath: Yes, non-fund basis. What is the total extent of this?

Hetal Patel: Total utilization is around 350 Crores out of it.

Rachit Kamath: Around 350 Crores?

Hetal Patel: Yes, 60 Crores is still outstanding.



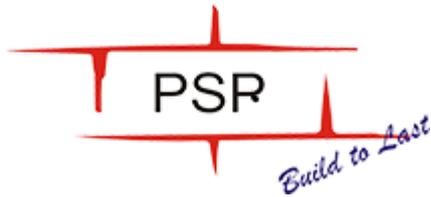
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- Rachit Kamath:** Madam, are there any plans to increase it because given that our execution is going to ramp up and given us let us say 3000 Crores orders you will have 10% of strike rate?
- Hetal Patel:** Yes, we are in the process of increasing the limits.
- Rachit Kamath:** So what is the limit that you have asked, Madam?
- Hetal Patel:** We had asked around further 200 Crores of additional limits to the banks.
- Rachit Kamath:** Sure Madam. Thanks a lot. That answered all my questions.
- Moderator:** Thank you. We have next question from the line of G Vivek from GS Investments. Please go ahead.
- G Vivek:** Sir. In view of the completion of city project, how is the opportunity size remaining for us both in Gujarat as well as outside Gujarat and any plans for diversification for us to increase the opportunity size?
- P.S. Patel:** You are asking post SDB?
- G Vivek:** Yes.
- P.S. Patel:** Once we completed the SDB project, the value of the project is going to land up at more than 1800 Crores to 1900 Crores, so once we complete the single project of 1800 Crores to 1900 Crores with civil, MEP and façade I think we would be able to quote in the range of above 2500 Crores because usually the standard practice of asking for prequalification lies at single project, 80% what you have to do, you must have done, so we state that in the range of 1000 Crores to 2500 will be able to bid for in future in June 2020.
- G Vivek:** How is the opportunity size?
- P.S. Patel:** As far as private sector is concerned, this is something a different project because 1800 Crores project this is the first largest project in terms of buildings raising on a single ground, so we cannot expect the same size of order to come, but we can expect some of the projects on government with sizes can be more than 1500 Crores and 2000 Crores. There also the competition will be very less because of few companies will be qualifying and of course that is after June 2020 we will be able to qualify for those projects.
- G Vivek:** Thank you.
- Moderator:** Thank you. We have next question from the line of Rasit Pandey who is an Individual Investor. Please go ahead.



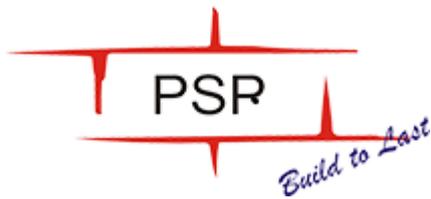
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- Rasit Pandey:** My question has been answered.
- Moderator:** Thank you. We have next question from the line of Sagir Khericha from Chartered Capital & Investment Limited. Please go ahead.
- Sagir Khericha:** Sir, are we normally single contractors in all the projects we do or do we also bid with other contractors for bigger projects?
- P.S. Patel:** Sir bidding in a single identity and getting the order then the order could have been something different. It is always a competition whether it is a private or a government project, but you must be knowing that it is always a competition, but in private sector also it is not an open tender, but it is always given to a pre-qualified vendors about the known companies who can bid in these type of work, but it is always a competition. Nobody can give a single tender without any tender in process.
- Sagir Khericha:** Okay Sir. Thank you Sir.
- Moderator:** Thank you. We have next question from the line of Pranav Mehta from Equirus Securities. Please go ahead.
- Pranav Mehta:** Thank you for the opportunity Sir and congratulations for great numbers. Sir, just wanted to understand, wanted to have an update on the SDB front, so we were in talks with authorities regarding the interior for some offices, so is there any update on that?
- P.S. Patel:** Still it is in process. They already have one meeting, but still they have not given me the letter to start the interior, but I think it is in the discussion state with the company.
- Pranav Mehta:** Sir, when do we expect something positive on this?
- P.S. Patel:** Probably they should be able to give me some conclusions by end of this month whether they will allow us to go for interior or they do not allow us for going for the interiors, but probably I am expecting not beyond March, first week of March we should look at some answers.
- Pranav Mehta:** Great. All the best Sir. Thank you.
- Moderator:** Thank you. We have next question from the line of Shravan Shah from Dolat Capital Markets Private Limited. Please go ahead.
- Shravan Shah:** Sir regarding this 3000 Crores pipeline that you talk about, so can you elaborate on that how many projects and how many big projects are there and from which state?



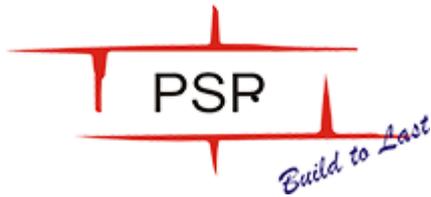
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- P.S. Patel:** See, out of this 3000 there are two large projects, one is in Rajasthan that comes from the corporate company, residential colony and the second project is again in the Gujarat and that is also a residential colony from a big corporate.
- Shravan Shah:** Sir, sizes would be more than 500 Crores, both individual projects?
- P.S. Patel:** The size of both the project is more than 500 Crores.
- Shravan Shah:** More than 500 Crores and out of the rest around may be 1800 Crores or 2000 Crores or the remaining out of 3000 how many projects would be there in that?
- P.S. Patel:** Then I think four or five?
- Shravan Shah:** Four or five, and Sir, earlier I think if I remember correctly, we were L1 in close to 200 odd Crores projects last time, so have you got receive still L1 or got cancelled?
- P.S. Patel:** No, it is already declared and we have already got the order and we have already put in the security deposit also. We are at the correct planning stage now. We will be starting the application of the project anywhere in first week of March.
- Shravan Shah:** Sir, last time we talked about the team SDB we would be doing a 400 to 450 kind of revenue, but now we are seeing already done 232 Crores next to next 350 that we would be doing this FY2019, so anything which has slow down in SDB or anything is going fine?
- P.S. Patel:** At the start of the project, you can say the project was delayed by 30 to 40 days in terms of getting the designs and though we were expecting high water level area, so the project was delayed by 30 to 45 days and the second part was that we were expecting to start some of the MEP portion somewhere in the month of December. Just we have concluded on shop drawings and everything, so now we are placing the order so probably I was expecting about more than 50 to 60 Crores revenue from MEP, which I doubt now, which may be somewhere in the range of 10 to 20 Crores only.
- Shravan Shah:** So now post April, in FY2020 700 Crores and 750 Crores, so largely this would be from the MEP in terms of the revenue?
- P.S. Patel:** Yes, by July or August, we are trying to complete the whole RCC structure and so there will be a revenue of the 200 Crores from the frame and the rest of the things will be from the finishing, flooring, lifts and MEP.
- Shravan Shah:** In nine months, how much capex we have done?
- Hetal Patel:** Yes, we have done around 38 Crores of capex from April to December.



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- Shravan Shah:** And this quarter would be?
- Hetal Patel:** For the lesser amount, it was around 5 Crores, so we have incurred little in Q1 and Q2, it was around 33 Crores.
- P.S. Patel:** That was basically for SDB only.
- Shravan Shah:** So in this fourth quarter, we would be having another 10 odd Crores capex?
- P.S. Patel:** See that again depends on new project, presently the project, which are going on the capex is the already purchased, but whenever we get a new project then that can be different, what size of project we are getting and what type of requirement in terms of capex is for the project.
- Shravan Shah:** So normally last time you said that for new projects it will be close to 3% to 4% the capex we would be doing, so assuming that let us say from Rajasthan or Gujarat, this big pipeline more than 500 Crores or any of the project we will be getting in the next couple of months, then in FY2020 how much capex we would be doing for recurring plus this additional new inflow?
- P.S. Patel:** In FY2020, I am not sure about presently what let us consider that if you get the order beyond 1100 Crores to 1200 Crores and since SDB is getting completed somewhere in the month of July, August as far as the RCC is concerned, so most of the capex will get free also. For the new order, how much capex I will require I am not sure because we are presently doing 6.6 million square feet of RCC there, so there is a huge capex lying at SDB, so maybe I request from capex within the period of March to June, but from the June onwards I am getting free from my SDB project.
- Shravan Shah:** Sir, we will not be requiring any sizeable capex in next year particularly from June onwards?
- P.S. Patel:** Yes, Q2 onwards, we will not be requiring any sizeable capex, you can say.
- Shravan Shah:** As you say 1500 Crores that is what probably we would be targeting in terms of the order inflow, so we would be restricting that or assuming that if we get book this 500 Crores plus order Rajasthan and Gujarat then also we can book for slightly higher order in next year?
- P.S. Patel:** It is not about retrieving ourselves to something, but we depends on the type of the project, what is the profit margin in the project, what is the competition in the project, so if there is a good project wherein that margins are good we can try for that because each time you are not going to get those type of opportunity, but in general we would like to limit ourselves not more than 1200 Crores to 1300 Crores for this year and then onwards 1500 Crores next year, but if you are getting within the opportunity if you are getting two or three projects going on we always go for the base of the ways.
- P.S. Patel:** Operator is there are any other questions?



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Moderator: Yes Sir, we have a question come up in the queue. Next question is from the line of G Vivek from GS Investments. Please go ahead.

G Vivek: Sir, One question on the sector, any inputs of RERA?

P.S. Patel: Sir, RERA is actually going to a good contractor, but at the same time the present developing market is not doing good, so as of now we are not doing too much projects for developers, so there is no clear impact on us as far as construction is concerned, but as we are not too much doing for developers it is never going to impact us, but thinks most positively in terms of development and there is a good market and we may get good projects because of RERA on the positive side, that will be a positive impact on us because of the timelines required in the projects.

G Vivek: Thanks a lot.

Moderator: Thank you Sir. Ladies and gentlemen, that was the last question, I now hand the conference over to Mr. Shravan Shah from Dolat Capital for closing comments.

Shravan Shah: I thank the management for giving us the opportunity to host the call and I also thank all the participants. Sir do you have any closing comments?

P.S. Patel: No Sir, thank you very much and thank you all of you to participants in our Q3 call.

Moderator: Thank you very much Sir. Thank you very Madam. Ladies and gentlemen, on behalf of Dolat Capital that concludes this conference call. Thank you for joining us. You may now disconnect your lines.