



“PSP Projects Limited Q3 FY 2018 Earning  
Conference Call”

February 08, 2018



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**Moderator:** Ladies and gentlemen, good day and welcome to the PSP Projects Q3 FY2018 earning conference call 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 “\*” and then “0” on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Utsav Mehta from Ambit Capital. Thank you and over to you Sir!

**Utsav Mehta:** Good afternoon. We at Ambit are happy to host the management of PSP Projects. We have the MD, Mr. P.S. Patel on the line with us and the CFO, Mrs. Hetal Patel. We will just have a brief introduction and then a Q&A session thereafter. Over to you Sir! Thank you.

**P.S. Patel:** Hi everyone. This is P.S. Patel, Chairman and Managing Director from PSP Projects Limited. So before I leave it to our CFO, Mrs. Hetal Patel, I will give you a brief about the quarter and then she will be giving you more brief about the accounts. So before we move to the financial statistics and performance last quarter I would like to throw light on few of the key developments of this quarter.

I believe that Q3 FY2018 is proved us game changer in the history of PSP as you all must be aware by and now that we are awarded with the project of Surat Diamond Bourse as a main contract work, which is a single project of Rs.1575 Crores, excluding GST. Scope of this project includes 10 building, having two basements and ground floor plus 15<sup>th</sup> floor having built area of 65 lakhs square feet in all constructions. MEP and allied activities is in our scope. According to the sources, these is going to be the biggest business complex in the world which is such a large standing on a single basement area. We have to complete this whole project in a very tight timeline of 30 months, it has been already two months of start of the projects. We have started somewhere in mid of November.

In addition to the Surat Diamond Bourse project, we have bagged orders of 201.41 crores which makes total order received in this quarter as Rs.1776.41 Crores which we announced previously on the stock exchange. Our orders are received from diverse industry segments like industrial institutional, government, and residential sectors. The other major awarded projects includes School of Arts And Science for Ahmedabad University which is going to... this is the first project which we have been awarded. There are three more projects which are going to come, which may also come to us.

EPC projects for injectable unit of Puniska Healthcare, this is the first EPC industrial project for a company like us, Design and build contract of construction of corporate house for Puniska Enterprise again it is a commercial of project which we are doing with design and build. We have booked revenue of Rs.170.80 Crores in this quarter. So our total revenue till nine months FY2018



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is Rs.466.15 Crores which you must have seen on the stock exchange. So after adding new projects and deducting book revenue from the current ongoing projects, company's outstanding order book as on December 31, 2017 is Rs.2745 Crores including 34 major projects and under execution spread in Gujarat, Rajasthan and Karnataka. We completed three more projects in this quarter which made our total number of projects completed to 97, also this includes one fast track interior projects we completed in Delhi. We also received an additional scope by Bamul Dairy of about Rs.20 Crores before we completed the main package at Kanakapura Dairy, Karnataka I feel these are the good signs of client satisfaction and our company's capability of executing projects outside Gujarat also. Companies average ticket size of the projects awarded has been shoot up to Rs.116.59 Crores compared to Rs.8.55 Crores in 2012-13. So these are the key highlights from my side. For detailed financial disclosures, I will request our CFO for her 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. I will brief you the standalone in financial highlights for the third quarter ended on December 31, 2017. Company has achieved revenue from the operations of Rs.170.80 Crores for Q3 which has increased on Y-o-Y basis by 127% as compared to previous year's third quarter results revenue at Rs.75.41 Crores. EBITDA for the Q3 is Rs.26.56 Crores which has gone up on a Y-o-Y basis by 181% compared to previous year third quarter EBITDA of Rs.9.44 Crores.

The EBITDA margin stands at around 15.55% for this quarter which was 12.52% in third quarter of the previous year. The increase in EBITDA margin can be attributable to various reasons like execution of major portion of interior projects, couple of interior projects has executed during this quarter as well some of the projects of which client supply material also executed during this quarter. Profit after tax for this quarter is Rs.15.14 Crores which has increased on Y-o-Y by 106% which was Rs.7.34 Crores in third quarter of previous year.

The company has achieved PAT margin of 8.70% for Q3 as compared to 9.13% in previous third quarter. If we analyse quarter to quarter numbers, revenue from operation was Rs.139.55 Crores for second quarter FY2018 which has increased to Rs.170.80 Crores in Q3. Profit after tax has increased by 19% compared to Q2 FY2018 while PAT margin has marginally reduced from 8.75 to 8.7. If we go through the work on hand data, the total value of work on hand of Rs.2745 Crores as on December 31, 2017 which comprises of 85% from the institutional projects, 8% from industrial projects, 4% from government projects, 2% from residential and 1% from government residential projects. This is to be executed over the next 30 months period on an approximate basis.

The outstanding order book of Rs.2745 Crores is distributed for three regions, 91% within Gujarat, 5% will be executed in Karnataka and 4% of work on hand will be executed in Rajasthan. Giving you a brief about the utilization of IPO money up to December 31, 2017, the company raised Rs.151 Crores from the primary issue and out of this Rs.63 Crores were planned



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to be utilized for working capital which has fully utilized by end of Q3. Out of funds allocated for capex of Rs.52 Crores, we have utilized approximate Rs.17 Crores for purchase of machineries and shuttering material. Out of funds allocated for general corporate purposes of Rs.26 Crores, we have utilized approximate Rs.17 Crores by end of Q3. With this I end up giving key highlights of the company, company's financial performance and now we are open for the question-answer session, so request the moderate to take it forward.

**Moderator:** Thank you very much. Ladies and gentlemen we will now begin with the question-answer session. We take the first question from the line of Chintan Sheth from Samiksha Capital. Please go ahead.

**Chintan Sheth:** Congrats Sir for the very good set of numbers. My question was on Surat project, for the two months how much we have booked revenue for this quarter?

**P.S. Patel:** Actually we have not booked any revenue, because on the stage of execution, so we have done somewhere nearer to execution, but not in this quarter, after December, January we have almost completed the basement, we have also started waterproofing and reinforcement, so some revenue has to come in January and February.

**Chintan Sheth:** What is the expectations for this year in Q4, how much revenue we can expect from?

**P.S. Patel:** Since the designs are also coming, we almost the execution, there are nine towers going ahead, so probably I am expecting somewhere between Rs.30 Crores to Rs.40 Crores revenue has to come from the project.

**Chintan Sheth:** Okay and in the margin front, this quarter we see subcontracting cost coming lower which has helped us improving our margins, so also in the employee front even if we have added significantly employee base, our employee cost as a percentage of sales has declined basically, so what can we expect in Q4 in terms of margin or not in Q4 but next year when Surat projects will start kicking in full swing what we can expect in the margin front?

**P.S. Patel:** Margins we expect we have quoted the way we usually quote almost for the tender, so it will be in the range of same thing what we have been doing since last three quarters.

**Chintan Sheth:** It will be 12% to 15% range we can expect?

**P.S. Patel:** You can say 12% to 13%, 13% to 14%.

**Chintan Sheth:** Okay and Sir lastly on working capital, how it has – has it been steady in terms of what we have seen in the first half receivables and payables wise?



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- Hetal Patel:** Yes everything as per the ongoing concerns means receivables and payables also same number of days we are following.
- Chintan Sheth:** Okay Madam and lastly on the ordering pipeline front any big project bidding we have done which we can expect?
- P.S. Patel:** Whatever order book which we have declared till December 2017, this is ongoing process of tendering all the time. In an average we are getting orders from Rs.200 Crores to Rs.300 Crores every quarter. We will be expecting on that range. At the same time we are bit conservative in terms of quoting too small size tenders also because now we have already got about Rs.1575 Crores project in Surat, but on an average we can say it will be somewhere within the range of whatever we have been gathering since last three quarters.
- Chintan Sheth:** Any key big project...?
- P.S. Patel:** Key projects we have been quoting for Torrent Pharma, Torrent power for some of their 20 - 20 crores sized 4 to 5 projects and then we are going to bid for prequalifying for IIT Hyderabad, the tender has been registered yesterday only.
- Chintan Sheth:** We have been pre-qualified for IIT Hyderabad project?
- P.S. Patel:** Pre-qualifying tender which has come up, so first we will give the pre-qualifying stage and then we will be quoting for the – once if we are qualified, we will be going to bid for that project.
- Chintan Sheth:** Okay, thank Sir. I will join back in queue.
- Moderator:** Thank you. Next question is from the line of Rajesh Kothari from AlfAccurate Advisors. We have lost a line for the current participant. We take the next question from the line of Ankita Shah from Elara Capital. Please go ahead.
- Ankita Shah:** Congratulations on a very good quarter. Firstly my question was on what is the criteria for recognizing revenue on SDB project in fourth quarter?
- P.S. Patel:** You mean to say criteria in terms of what?
- Ankita Shah:** Is it based on completion method or?
- P.S. Patel:** No, it is the turnkey project, but we have quoted based on the quantity, so every month we are going to place the deal. Whatever quantity of work done, we are going to get the payment. It is not on the stage wise payment, it is based on the quantity of work we do in every month and it will be paid accordingly



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**Ankita Shah:** So if the work was started in mid November, I am sure you would have raised bill in the December month as well, so why was it means if it is...

**P.S. Patel:** November if you can understand, it was start of the project November, mid we started and that was almost only the part of execution. For the execution before we have to start some survey work and all that, so real execution started somewhere in the first week of December, but the quantity of work which we expected in December could not come out well, so we did not place the bill and also there is a criteria of putting at least minimum Rs.20 Crores bill. So that was not the value which we could reach in December, so now we would be able to put the bill every month. Because only one activity it is very difficult to place a bill of Rs.20 Crores, so now the PCC has started, execution is almost completed, waterproofing is also going on, reinforcement is also going on. So now onwards we will be able to place the bill minimum of Rs.20 Crores every month.

**Ankita Shah:** Okay from January onwards is there will be monthly billing on this project?

**P.S. Patel:** Yes, from January onwards there will be monthly billing.

**Ankita Shah:** Perfect, got it and Sir on receivables or trade receivable, in the first half of this year, we saw some increase in the trade receivables largely you mentioned was on account of GST issues. Has that normalized as that number come down because you are expecting it to normalize by the second half of the year?

**Hetal Patel:** Because of this GST, the confusions were there in bills placed subsequently and then we have recovered also, because the main matter was like rate of GST need to be finalized, so that bills have been raised and the customer have...

**P.S. Patel:** There were some orders which need to be revised, because most of the orders were with material and the material GST we have to refund it to the client, so there was (audible)16:12 orders also that has been already done from all the projects till now and now the bills have been getting cleared every month and the way it has been cleared previously, so now it has almost normalized.

**Ankita Shah:** So I expect the trade receivable number should be coming down from Rs.125 Crores that was reported last as on December 30, 2017... that should come down?

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

**Ankita Shah:** Okay and Sir in the current order book right now what will be the portion of orders with materials?



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- P.S. Patel:** Now presently whatever some of the orders like Zydus corporate office and INTAS, these are the projects which we got without material. They have continued without material, but about Rs.15 Crores projects are without material, most of the orders are with material.
- Ankita Shah:** Just percentage of the current order book?
- P.S. Patel:** The total orders pending without material is from Zydus and this INTAS Group and that is not more than Rs.15 Crores, so you can say...
- Ankita Shah:** Okay, so very minimal now. Margin should normalize back from next quarter?
- P.S. Patel:** Yes.
- Ankita Shah:** Sure, okay, got it Sir. Thank you so much and wish you all the very best going forward.
- Moderator:** Thank you. We take the next question from the line of Rajesh Kothari from AlfAccurate Advisors. Please go ahead.
- Rajesh Kothari:** Good afternoon Prahladbhai. Congratulations for very good set of numbers. I am just wondering in terms of your ability to what I would say participate in the bid pipeline, how big that can be?
- P.S. Patel:** As far as the government projects or some institutional projects are concerned, you can say that the capability for company like us to bid we can qualify up to Rs.500 Crores, but when it comes to pure private cum corporate or something like that as we have seen that we have bid for this Rs.1575 Crores projects for Diamond Bourse, we were qualified and we got the job. So it depends on what type of project it is, so we are purely talking about government we can say presently we can qualify up to Rs.500 Crores to Rs.600 Crores.
- Rajesh Kothari:** And in terms of your own execution capabilities, how do you see that over next two to three years. Say for example over two years, you may become say Rs.1000 Crores, Rs.1500 Crores kinds of a revenue, but can you do Rs.2000 Crores, Rs.3000 Crores of revenue per year and to do that what kind of what I would say resource mobilization required, working capital plus nonworking capital both.
- P.S. Patel:** If you really see through our total journey from 2006 to 2018, we started with Rs.28 Crores and this year we will be landing somewhere more than Rs.600 Crores. So probably the strength of the company lies in the culture what we have created and every now and then we are increasing people, so gradually very efficiently we have been expanding to 30% to 40% and we would like to maintain that base by increasing our manpower. The basic idea for having construction company to expand is its capability to execute and the way we have executed since last 10 years with a gradual growth of 30% to 40% presently also we have got this Rs.1575 Crore project of Diamond Bourse, totally considering the project as PSP2 and we have already mobilized with the



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bank that most of the peoples say 30% to 40% concern we have shifted from Ahmedabad and 40 to 60 people we have hired new and the project is going fine, so it is all about the people who are with the company since so many years and we add on those people and having four to five years because experienced people can handle the single project you can add rest of the people from the market, so it is more important about the top management resources rather than capital end machinery.

**Rajesh Kothari:** Last question in terms of the working capital requirement in competitive intensity, if you can give some colour on how do you see there over next one to two years?

**P.S. Patel:** If you see to our profile we are mostly working with the corporate groups. As you know that when we are working for corporate groups and private sector, there is a clause of mobilization advance of 10%, so that itself is more than sufficient for any project to have a working capital. Rest of the things which is required for any project is the bank guarantee which we have already reached Rs.420 Crores or Rs.425 Crores this year, Rs.410 Crores bank facilities, so that is the first requirement any private company will require from me. Other than cash working capital we are getting from the company itself has a 10% mobilization advance.

**Rajesh Kothari:** Okay and competitive intensity?

**P.S. Patel:** You mean to say competitive intensity?

**Rajesh Kothari:** In terms of new order to pipeline, how do you see aggressive the competition is?

**P.S. Patel:** The type of projects, the type of name that the company has gathered in and around at Ahmedabad and Gujarat, we are known for speed and quality. So when we talk about project from Rs.25 Crores to Rs.150 Crores really speaking there is a very big vacuum. The companies like L&T Shapoorji are bidding for projects for more than Rs.200 Crores, Rs.300 Crores, Rs.500 Crores. When they are forced by client to quote for a project Rs.150 Crores, they are always going to quote more and as these two companies are more concentrating on larger size projects, they do not have their concentration on smaller size project. So truly speaking we really concentrate on whatever the delivery time and the quality, I do not see there is a big competition as far as our company is concerned for a smaller size project of Rs.150 Crores.

**Rajesh Kothari:** Okay, fine. Thank you Sir. Wish you all the best.

**Moderator:** Thank you. Next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead.

**Ravi Naredi:** Good afternoon Prahladbhai. Great congratulations for some positive result. Prahladbhai is a best speaker so I will not repeat any question. Thank you very much Sir.





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- Moderator:** Thank you. We take the next question from the line of Utsav Mehta from Ambit Capital. Please go ahead.
- Utsav Mehta:** Thanks for taking my questions. First one that I wanted to ask is how many active sites do we have and how does that compare to let us say a year ago?
- P.S. Patel:** Presently our active sites is 34 and on an average we can see is... now what we are doing after getting larger size project we are now trying to reduce our project size to Rs.25 Crores in and around Ahmedabad and if I am going out of Ahmedabad we have limited to Rs.50 Crores and if we are going out of Gujarat we have limited Rs.100 Crores. So probably on an average in future we can say it will be in the range of 20 to 25.
- Utsav Mehta:** Okay and just alluding to an earlier question that was asked on resources, how difficult is it in and around Ahmedabad to find high skilled or more experienced manpower that would be used to working on projects of larger sizes?
- P.S. Patel:** In this my journey of 35 years and the journey of our new company PSP projects limited of 10, 11 years, we always try to create a culture, wherein what are the standards we should have rather than what the industry is having, so it is all about training of your own people, getting them experience of four to five years within the company and putting them on larger size project has given as a good example all the time working well. So nobody so smart and so much you can say smart enough for type of projects, if person working in L&T may not work efficiently for my company. He has to get in my culture and so what we do usually the project head level people is always repeated with one other projects when two people are already working on single project. So once we have got training of four to six months we always put him on a new project, so it is about the company's culture, company system, how company operates, what are the speed criteria, what are the quality criteria so this is how we go and I always believe in better to train people to your set up rather than getting the people from the top most company's market.
- Utsav Mehta:** Okay, if you do not mind me asking what percentage of our order book would be from private residential real estate?
- P.S. Patel:** Presently I think private residential, I do not think any... very less. It is 2.27%.
- Utsav Mehta:** Okay, so not sizeable, is the company open to taking on more projects within the space, is this the space that you consciously avoided?
- P.S. Patel:** It is not like that we constantly avoid, but depending on the size of the project we get inclined, the private residential or the real estate development we always wish to have a project sizes more than Rs.100 Crores, Rs.150 Crores then it makes to work for residential. So working for Rs.20



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Crores to Rs.50 Crores projects for residential, I would say it is better to work for other types of projects wherein you get free from that project very easily and very fast.

**Utsav Mehta:** If you do not mind me asking if you have to expand geographically would not residential real estate be a better way to move to other cities, because you would find Rs.100 Crores projects in and around let us say Bangalore or...

**P.S. Patel:** Again real estate is again governed by the open market depends on the sale market they are having, the developer sale market. It is a bit risk, so till you are not known to the client, until you are not known to the developers, I usually personally see to that whether they are capable of paying us on time because we are always going for faster... we believe in faster projects and the finance is they are depending on sale we would be thinking that we should be selective on this ground. We cannot go dynamically on the private residential.

**Utsav Mehta:** Right and just one last question from my side. You mentioned that in December we did work of less than Rs.20 Crores, but there was excavation worked done in which subcontractors were involved. Does that means the working capital deteriorate because you would not have received anything but we would be constantly paying off the sub?

**P.S. Patel:** You must be knowing that this Rs.1575 Crores projects there was in advance of about – out of Rs.78 Crores is the advance without tax and out of that Rs.50 Crores advance we have already received from Diamond Bourse, so there was not any issue of this working capital for that project.

**Utsav Mehta:** I mean from what I can calculate considering we have just in February, we would still be on a net cash basis?

**P.S. Patel:** Yes, presently also we are on an net cash basis as far as Diamond Bourse is concerned.

**Utsav Mehta:** Okay I understood, those were all my questions. Thank you so much.

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

**Prem Khurana:** Good afternoon Sir. Thanks for taking my questions and congratulations on a very good set of numbers. Sir my question basically what I wanted to understand also you before if you require keep cash margin with the banks to get the guarantee money I mean the guarantees released, how is the life chain of the IP, the idea maybe with time of IP with idea was to kind of move to your other means to be able to get the bank guarantees and not park cash margin, have you seen any change there given the fact now we are a listed entity do we have this bigger balance sheet now the net worth has augmented.



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- P.S. Patel:** After getting listed you can say that yes the banks you are asking total margin of about 40% out of 30% was the effect mortgage and 10% was margin, now this they have come down to 25% is total margin in terms of cash.
- Prem Khurana:** How about cost of funding?
- P.S. Patel:** Cost of funding is again see I think... what is the interest of cost of funding?
- Hetal Patel:** That is also competitive we are getting, 0.8% to 1%, we are mainly requiring bank guarantee. Bank guarantee charges are there, the trend is between 0.8% to 1%.
- Prem Khurana:** Okay and Sir just wanted to understand how much is the IP in terms of we have scaled up significantly right so I mean at the time of IPO to be used to Rs.700 Crores odd of order backed, we already had almost Rs.2500 Crores, Rs.2600 Crores now, which is essentially mean we are almost four times what we used to be at one point in time, so could there be a situation wherein you would start seeing no to the new orders because you would want to stabilize your operations to take it up the current state of operation and then...?
- P.S. Patel:** Not like that we are saying no to that that fund we are selective in terms of size of the project. It is still that we are getting the sizable project of more than Rs.50 Crores to Rs.150 Crores, we are also bidding on a competitive basis. We are considering Diamond Bourse as a second PSP creating that infrastructure in a different way. So whatever company was doing in and around Ahmedabad it is going to expand in whatever way it was expanding in last 10 years, so presently we are also bidding for Torrent, we are bidding for other companies also, we are also bidding for one project in Sanand, so it is not like that because we have got Rs.1575 Crores, we have restricted ourself for bidding further
- Prem Khurana:** Just to put it in other manner, so basically what I wanted to understand is the kind of work force that we have today or the kind of machine that we have today how much of order backlog is what you would be able to execute without stretching the balance sheet without needing some more resources?
- P.S. Patel:** Whatever resources which are going to create for this Diamond Bourse project, we are going to get almost Rs.75 Crores to Rs.80 Crores advance from the SDB. So we are probably going to create a total different infrastructure only may be one or two or may be up to 5% infrastructure will be utilized from the existing company, rest of the whatever infrastructure which we are having till now, in the projects which have a very gestation period of 10 to 12 months, it has been getting rotated here and here on.
- Prem Khurana:** Sure Sir. Thank you. That is it from my end.



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- Moderator:** Thank you. Next question is from the line of Ankush Mahajan from JM Financial. Please go ahead.
- Ankush Mahajan:** Our composition is 65% from the institutional side for the order backlog, sorry it is 46%, exactly who was the institutional that comprises the order backlog? I just try to another breakup of this institutional basically, who are the clients?
- Hetal Patel:** Institutional majority is just SDB and other institutional like even whatever pharma company's whose corporate houses we are building so that is classified as institutional that will not fall under industrial. Then is a BSE also that will be included in the institutional and in work on hand I think institutional portion is around 84%.
- Ankush Mahajan:** And that is basically we can say these are the private players.
- Hetal Patel:** Mostly yes, all private. Government is only around 3.4% only.
- Ankush Mahajan:** And Sir how do you see the opportunity basically in terms of this private players and in terms of residential and commercial property and if you get an opportunity on the residential and commercial side which are the geographies where you feel that we can work there and we can execute the project, actually I am trying to understand opportunity in terms of entering the geographies and...?
- P.S. Patel:** Presently we have been most majorly based on Ahmedabad and we were focusing on in and around Ahmedabad. Now we have created totally different infrastructure in Surat Diamond Bourse, so probably after four or six months when this project is lined up, we are going to get better opportunity from Surat sector also, so we are thinking that Surat itself is not having any big name in terms of construction industry, large size project presently also for a private sector or private developer projects, sometimes L&T is working, sometimes Shapoorji is working, so we are going to get a better opportunity in Surat as far as the contributions which we are considering.
- Ankush Mahajan:** So can I say on the private capex already has revived that is why we are getting orders and it will improve further also or what is your outlook on a private capex actually?
- P.S. Patel:** Exactly I could not get your question.
- Ankush Mahajan:** Commonly this is institutional capex right now industries like pharma companies are investing, other factors are investing agriculture, sugar, chemicals, so how is your outlook for these about the investments by the corporates?
- P.S. Patel:** I will answer this question. It is not about only the pharma.



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**Ankush Mahajan:** We feel that still there is a time that investment by the corporate will take time, it is not picking up actually?

**P.S. Patel:** I am coming to that. It is not only about the pharma company where we are bidding. We are bidding for some of the institutional projects like Ahmedabad University, we are doing work for CEPT University, we are doing some of the educational institutes also. We have already bid to MRF, we are going to bid for Grasim, so there are so many industries which are going to come up. One sector is not going to affect the total building construction line.

**Ankush Mahajan:** I agreed. So in terms of the real estate and commercial properties is that your outlook?

**P.S. Patel:** In terms of real estate I previously answered to one of the questions like I got during the call. Actually we are a bit reluctant in terms of getting orders from developers. If the developer is a well-set person, cash-rich company then we are bidding for these commercial-size project as we are doing work for Brigade, we are doing projects for Prestige, we are doing projects for Bombay Stock Exchange Forum, so we are a bit selective in terms of the – because this market is totally depend on the sale part of the total project and if we are going to get money once he gets generated from the sales, then for company like us who is believes in going project on a fast track basis it does not work out well. So I believe in going for a faster project then I have to take a call that at least client should have a very cash-rich company.

**Ankush Mahajan:** Okay Sir that I got it. Thank you Sir.

**Moderator:** Thank you. Next question is from the line of Tarun Advani, Individual Investor. Please go ahead.

**Tarun Advani:** Congratulations on a good set of numbers. Sir just on the Surat Diamond Bourse, we are saying that the total contract value is around Rs.1500 Crores to be executed over 30 months so that would mean billing of around Rs.50 Crores per month. Is it safe to say that in the coming financial year Rs.600 Crores of revenue will alone come from this project?

**P.S. Patel:** It depends on the stage of the work. If you really go to the total bifurcation of the project out of this Rs.1575 Crores, only Rs.600 Crores is a structure part, rest of the things is the façade that is the lift and the MEP, so MEP, facade, and lift this whole portion goes to about Rs.750 Crores, so this is going to go in the next year only, because once I complete the structure within this period of 18 months then I can complete the whole project in 30 months. So probably we cannot say 100%, Rs.600 Crores should come in the next year, but we can say Rs.450 Crores and then Rs.700 Crores and then the last whatever is left that is how we have to distribute.

**Tarun Advani:** Understood, Sir do you see any challenge for example if we keep on billing say Rs.40 Crores, Rs.50 Crores every month, what is your view on how the receivable would shape out, do you



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think that the client would have enough money to timely pay us and our working capital would not get stuck?

**P.S. Patel:** The basic idea of this old Diamond Bourse if you have gone through the history of this Diamond Bourse, they are going to create this as the one of the largest infrastructure Diamond Bourse industries coming up and you will not believe about this total area of 66 lakh square feet, they have sold 90% of the sales, 10% they have kept reserved for some selective persons to come later, so presently if you see that the project is fully with money, so this is all depends on how fast I did go and how fast they get the payment from the tenant so I do not see any problem in terms of receivables as far as SDB Association is concerned.

**Tarun Advani:** Good to your asset. Thank you.

**Moderator:** Thank you. Well, members of the management that was the last question in queue. We have another question which is lined up, can we take it now?

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

**Moderator:** Next question is from the line of Jehan Bhada from Nirmal Bang. Please go ahead.

**Jehan Bhada:** Good afternoon Sir and congrats for very good numbers. For next year, what is your outlook Sir, how much topline can we expect in FY2019?

**P.S. Patel:** In FY2019 the projection which was given by somewhere in the range of 900, so we will be somewhere in the range of 900 to 1000 mix.

**Jehan Bhada:** Okay, fine Sir. That is all from my side. Thank you.

**Moderator:** Thank you. Well, that was the last question. Sir, do you have any closing remarks to make?

**P.S. Patel:** No. Thank you.

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