



**“PSP Projects Limited  
Q4 FY24 Earnings Conference Call”  
May 24, 2024**



**MANAGEMENT: MR. P. S. PATEL – CHAIRMAN, MD & CEO  
MS. HETAL PATEL – CFO**

**MODERATOR: MR. LOKESH KASHIKAR – SMIFS LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to PSP Projects Limited Conference Call hosted by SMIFS Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Lokesh Kashikar. Thank you, and over to you, sir.

**Lokesh Kashikar:**

Thank you, Manoj. Good evening, ladies and gentlemen. On behalf of SMIFS Limited, I am pleased to welcome you all on the PSP Projects Q4 FY'24 and FY'24 Earnings Conference Call. From the management side, we have Mr. P. S. Patel, Chairman, Managing Director, and CEO; and Ms. Hetal Patel, CFO of the company.

I will now hand over the floor to Mr. Kenan Patel, Company Secretary, for a disclaimer, and then the management will have the opening remarks. This will be followed by interactive Q&A. Thank you, and over to you, sir.

**Kenan Patel:**

Thank you, Lokesh, and good evening, everyone.

I am pleased to welcome you all to PSP Projects Limited earnings conference call for analysts and institutional investors to discuss Q4FY24 & FY24 financial results.

Please note, a copy of the disclosures is available in the Investors section of the website as well as on the stock exchange. Anything said on this call, which reflects the 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 Chairman sir for his opening remarks. Over to you, sir.

**P. S. Patel:**

Thank you, Kenan. Good evening, everyone. A warm welcome to the post earnings conference call of PSP Projects Limited. We concluded the board meeting this afternoon. I hope you got a chance to review the financial results and investor presentation uploaded on the stock exchange and website.

Financial year 2024 has been an interesting year for the company from several aspects. I'm happy that the company has come out with satisfactory performance in this year. Let us discuss the year's update before I move on to the quarter highlights.

The company closed the financial year with a highest ever outstanding order book of INR 6,049 crore, a YoY growth of 20%. During the year, the company received highest ever order inflow to the tune of INR 3,498 crore (excluding GST). We had expected an order inflow in excess of INR 3,000 crore and we have fairly achieved our order inflow guidance for this financial year. Till date, the company has completed 222 projects in total since inception with 85% private projects and balance Government projects.

During April 2024, the Company successfully raised INR 244 crores by the way of qualified institutional placement and successfully placed with marquee domestic mutual funds and FIIs participating in the issue. My heartfelt gratitude to all the investors who participated and showed long-term trust in the Company's growth story that is yet to unfold. We are confident of our journey upwards from here and remain dedicated and committed to deliver to the best of our abilities in the interest of our stakeholders and employees.

I'm happy to share that pertaining to our on-going litigation with Surat Diamond Bourse, on 15<sup>th</sup> May 2024, an out-of-court settlement had been reached between the Company and SDB on the basis constructive dialogue, discussion and negotiations, effectively resolving all the disputes between the parties. Under the Settlement, SDB has agreed to pay a total amount of INR 170 crore over and above INR 1,790 crores already certified by them. With this settlement, the total approved project value amounts to INR 1,960 crore excluding GST. Till now, the Company had recorded revenue of INR 1,896 crore in the accounts and now the remaining revenue of INR 64 crore will be recorded upon the receipt of the certificate from SDB. We expect to receive 50% of the due payment within 30 days and the balance in quarterly tranches.

During the year, the company completed 17 projects. The major projects completed were:

- ▶ Construction of Money Plant high street in Ahmedabad
- ▶ Reliance Corporate House in Ahmedabad
- ▶ Construction of the Adani International School at Adani Shantigram
- ▶ Construction of Precast Factory Shed & Precast Corporate House in Gandhinagar
- ▶ Surat Smart City Development Command Center
- ▶ Adani Amoga Residential Project
- ▶ Precast warehouses at 4 different locations in Gujarat

During the year, the company was awarded 27 projects. The major projects awarded were:

- ▶ Development of Dharoi Dham Region as a world class sustainable tourist & pilgrimage destination (Phase I & II)
- ▶ Construction of Gujarat Biotechnology Research Centre
- ▶ Construction of Gati Shakti Vishwavidhyalaya at Vadodara
- ▶ Sabarmati Riverfront Phase II, Ahmedabad
- ▶ Construction of Fintech Building at GIFT City, Gujarat
- ▶ Human and Biological Science Gallery at Science City, Ahmedabad, Gujarat
- ▶ Street Beautification at Gandhinagar
- ▶ Construction of commercial building in GIFT SEZ, GIFT City, Gandhinagar.

Overall, on the financial performance of the year, the company closed the financial year at a highest ever revenue of INR 2,462 crore, 28% YoY growth. The revenue of the company has grown at 30% CAGR over the past 7 years, EBIDTA at 22% and PAT at 17% CAGR growth. The EBIDTA margin for the year remained at 10.62%, the impact in margins in FY24 as a whole was largely on account of all the UP projects put together. These were EPC contracts, and the Company did incur certain additional expense during the course of the projects which has impacted the margins. Newly awarded major projects such as SMC High Rise Building, Sabarmati Riverfront, Dharoi dam development projects, Gati Shakti University, Fintech building at GIFT city, etc. are under initial phase of construction and hence you can see its marginal impact coming in terms of revenue in Q4FY24.

For FY25, considering our bid book and the upcoming projects, I expect an order inflow of nearly INR 3,500 crore.

As far as our on-going projects are concerned, all our projects are working as per execution cycle and none of our projects are stuck or slow moving at the moment. As you all are aware, the company is bidding for projects in the buildings space across ticket size and states. We are confident to gradually move up the value chain and increase the projects of higher ticket size gradually over a period of time. Our bid book is spread across projects in the states of Madhya Pradesh, Odisha, Delhi, UP, Karnataka, etc. We look forward to participating in India's growth story by playing our positive role in the development process.

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, Sir. The financial performance during the quarter and year ended March 31, 2024 is as below:

**Q4FY24 vs Q4FY23**

- ▶ Revenue from operations for the quarter is at INR 649 crore vs INR 727 crore, decreased by 11 % YoY basis
- ▶ EBITDA for the quarter is at INR 52 crore vs INR 78 crore, reduced by 33% YoY basis.
- ▶ EBITDA Margin is at 7.98% vs 10.67%.
- ▶ Net profit for the quarter is at INR 15 cr vs INR 46 crore, reduced by 67% YoY basis.
- ▶ PAT Margin is at 2.3% vs 6.3%.

Decrease in EBITDA margin is mainly attributable to higher Employee benefit expenses and Other Expenses as compared to Q4 of FY 23.

Decrease in PAT margin is mainly attributable to decrease in EBITDA margin, increase in finance costs and depreciation.

Finance costs has increased due to increased borrowings compared to Q4 of FY23.

Increase in Depreciation is mainly due to additional capex incurred during the whole year.

**FY24 vs FY23**

- ▶ Revenue from operations for FY 24 is arrived at INR 2462 crore vs INR 1927 crore, increased by 28 %
- ▶ EBITDA for the year is INR 262 crore vs INR 225 crore, higher by 16% YoY basis.
- ▶ EBITDA Margin is at 10.62% vs 11.68%.
- ▶ Net profit for the year is at INR 124 cr vs INR 133 crore, reduced by 7%.

- ▶ PAT Margin is at 5% vs 6.8%.

The revenue generated from 7 UP Projects put together was INR 26 crores during Q4FY24. Cumulative revenue till March 31, 2024 is INR 1459 crore.

During FY 24, company has incurred capex of 150 crores including 2.88 crores of CWIP. Capex incurred for precast facilities amounts to 79 crores.

Would like to mention few of the important balance sheet numbers as on March 31 2024.

- ▶ Long term borrowing: 95 crores including short term maturities of 54 cr
- ▶ Short term borrowings: 360 crores excluding short term maturities of 54 cr
- ▶ Gross Block of assets: 559 crores, Net block 321 crores, additions during the quarter is Rs 16 crores and additions during the year is 148 cr.
- ▶ Total capex incurred for precast facilities is 201 crores including 2.88 cr in CWIP.
- ▶ Net Unbilled Revenue 442 cr
- ▶ Retention – non-current 104 cr
- ▶ Retention current: 50 cr,
- ▶ Mobilisation Advance: 135 cr
- ▶ Inventories: 316 cr which comprises of 107 cr of construction materials, 187 cr of work in progress and 22 cr of Finished goods.

Working capital days are as follows:

- ▶ Debtor days are 50
- ▶ Creditor days are 62
- ▶ Inventory days are 47
- ▶ Total net working capital days are 35

Out of total sanctioned credit facilities of 1497 crores, company utilised 1031 crores and 466 crores available for utilisation.

- ▶ Fund based utilisation 247 cr
- ▶ Non-fund based utilisation 784 cr

As on March 31, 2024, The company has total fixed deposits of 249 crores out of which lien free deposits of Rs 32 crores, FDs worth Rs 209 crores are under lien with Banks for credit facilities and FD worth Rs 8 crores are given as security deposit to clients.

Work on hand as on March 31, 2024 is 6049 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. We will now begin the question-and-answer session. We have our first question from the line of Shravan Shah from Dolat Capital.

**Shravan Shah:** Sir, first of all I would like to understand particularly more about the revenue and margin guidance. So, we would want to understand more on the margin going forward, particularly given the 8% EBITDA margin that we have in the fourth quarter. Previously, we used to say 11% to 12% kind of a margin. So, will we come back to that level and that too from the Q1 FY'25 itself, given that we will be having a higher other expenses for the QIP and also if you can specify how much on the other expenses will be there for the QIP in the Q1 FY'25?

**P. S. Patel:** Shravan, first of all, I would like to correct you about the 12%. We have talked to you about 11% to 12% before 6 months and in the last 2 quarters I have said 10% to 11%. As I have explained about EPC contract above, there are always 1% to 2% variations in the operational cost or in the cost that we do not consider in the tender and sometimes you need to carry on because tenders are filled in a very quick way within 30 days. So, this year also, we would like to keep our margins within that range. As for revenue, I still believe that revenue growth will be around 15% from here.

**Shravan Shah:** Okay, so just the 15% will do, so will the recent order inflow in terms of the pickup in execution. Is it taking time because otherwise we would be seeing growth at least 18%-20% plus kind of a number or we will revise the number once we have one or two quarters?

**P. S. Patel:** It is always possible that we are waiting on the first two quarters to see the near-term order inflow because currently, our bid-buy plan ranges between INR 4,000 crores and INR 5,000 crores. Therefore, whenever we get the highest order within the first 2 quarters, it can be revised. However, due to the last year's impact of INR 100 crores revenue due to some of the projects at the final stage within the last 2 quarters, the revenue could not be generated immediately. The same could happen this year if we get maximum orders in the last 2 quarters. Therefore, the revenue projections that we have given may not be accurate, but at this point of time, I can assure you of a minimum of 15% revenue.

**Shravan Shah:** So, then one can think of the higher execution in the FY'26, one year down the line?

**P. S. Patel:** See, it is either both ways, again I will come back to you because projections about execution is always not possible 100% by looking to the last two years of experience. Both the years, last year and this year we fall short of INR100 crores, there are so many uncertainties during the course of the project, whether it is because in the EPC Contract, there are so many approvals, sometimes there is a labour issue, sometimes there is a monsoon issue, the consistency of construction, it is very hard to predict all the time.

But yes, looking to the pace with which we are growing and looking to the pace which we have execution capability, we can assure you that this will be in the same range. But probably next year also, if the order book is 2x or 3x, then you can say that there can be more revenue, but presently the order book is our 2x. So, I think any order book beyond 2.5x can give you better revenue, rather than sticking to the revenue which I am saying today.

- Shravan Shah:** Okay, got it. Secondly, in terms of how much the other expenses will be higher in the 1Q, for the QIP particularly, how much will be there?
- Hetal Patel:** The QIP expenses will not be affecting the P&L numbers significantly.
- Shravan Shah:** Okay, got it. And sir, as far as the capex is concerned and especially the working capital, because even this year, it seems a little bit higher than what we used to talk about, which was 3% to 4% of revenue. But if I look back over the last four years, the average is 5.2%, so how will we think about the capex over the next two years?
- P. S. Patel:** I think you must have heard during the call of Hetal Ma'am she bifurcated both the capex, one on the precast side and second on the company side. If you see, on the company side has a capex of INR 76 crores, which is still within the 3% to 4% range. Normally, capex should not exceed 3-4%, but here, the capex is high since precast orders always require some capex due to the size of the orders and delivery timeline. This is the only reason why the capex has gone high, otherwise, capex still be taken as 3-4% of the revenue can, which is a standard practice and has been observed for the past six-seven years. Therefore, the capex should remain within this range.
- Shravan Shah:** So, sir, what is the current debt level after the QIP of INR 244 crores, how much the current debt INR 445 crores be reduced by the end of FY'25, how can we now look at both the debt level and full year finance cost from the close to INR 50-odd crores as reported in FY'24?
- Hetal Patel:** Yeah. So, basically out of this QIP money, we have already repaid INR188 crores of the debt, which was on a maximum utilisation as on 31st March. So, currently to that extent, that amount has reduced and going forward we will be using it as and when required for any future projects. So compared to FY24 definitely the utilisation of fund-based facilities will be on a lower side and in the same way finance cost also may reduce to that extent.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financials. Please go ahead.
- Vaibhav Shah:** Yes. Thanks for the opportunity. Sir, in terms of SDB money, so you mentioned that INR85 crores should come in one month?
- P S Patel:** No, it will be in the range of INR100 crores because 50% of the amount of total INR 225 crores which is the final amount with GST. So INR100 plus crores will be given within the next month within these 30 days. We are waiting for the final certificate probably next week only. So, that 50% you can expect in one month and 50% can be extended to one year.
- Vaibhav Shah:** So, INR220 crores including GST and Excluding GST is INR170 crores?
- Hetal Patel:** So, basically INR170 crores is the amount which they have additionally approved over and above the certified value of INR1790 crores. We have mentioned in the presentation, you can look at it. And we have booked INR1896 crores of revenue as of 31st March 2024. So, additionally to make the total revenue of INR1960 we will be booking INR64 crores additionally. And in total, we will be receiving around INR224 crores including GST and which will include the total amount outstanding on balance sheet with retention.

- Vaibhav Shah:** So, total amount so INR100 crores would come in one month and the pending should come in FY25 only or it may go to FY26 as well?
- P S Patel:** Yeah, probably it will be maximum within the FY25 only because they are waiting for some of the sales to be done. If those sales are done before time, they have agreed to pay within 6 months. And if there is a delay in sales of their offices which are left that can go maximum for the whole year.
- Vaibhav Shah:** And secondly, in terms of margin so we booked around 8% margin in Q4. So, it was entirely on account of increased cost in the UP project?
- P S Patel:** Yes, that is the maximum we can tell you because we have already said that the entire UP project has dispersed. Even though it was 7 projects, it was dispersed across 14 sites. The infrastructure that we have built and at the end of the day, the speed that we are able to generate, that creates a little extra cost. We also have to pay an extra cost on the purchase side because some of these MEP materials that were part of this order were delivered after March 2021, and the impact of Corona is maximized after March 2021, so that was one of the factors that contributed to the significant decrease in margins mainly due to UP.
- Vaibhav Shah:** So, are we planning to book any claims in future after the completion of the project?
- P S Patel:** No, as such there is no claim as of now. Everything is as per the books, as per the contract. So, there is no plan of going for any claim related to the project.
- Vaibhav Shah:** So, our initial margin estimate was a bit higher when we bid for the project and it has not planned out accordingly? Is that the right understanding?
- P S Patel:** It is both way. When we planned it was somewhere in the range of 10%, 11% but later on it has got an impact of 4%, 5% overall. We have not made a loss but in general, the overall margin has gone little bit down and the maximum impact has come in the last two quarters because now the projects are almost under completion. We have handed over about 90% building, only 3 hospitals which we have to hand over which probably we are trying to hand over by June end.
- Vaibhav Shah:** So, we may see some impact in June quarter as well pertaining to UP projects in terms of margin or everything is done?
- P S Patel:** See at UP side because it is a general impact on the total projects whatever we have carried out, so there will be some impact but not on a major side. But yes, at the completion there will be some impact on the overall at the company level.
- Moderator:** Thank you. The next question is from the line of Barani from Avendus Spark. Please go ahead.
- Barani:** Two questions. One, on the lower margin in 4Q due to expenses being higher in the UP projects, so what are these UP projects? Is it these hospital projects and what is the total size of this order, all put together?



- P S Patel:** You can see that the total project size of the medical college, the hospitals and the university was INR 1478 crores. However, the total number of projects was 7 and the location of the 6 medical colleges and the locations of the medical colleges and medical hospitals are 9 to 10 kms apart.
- Barani:** So on this INR1478 crores projects we are going to earn lower margin. Is that my understanding right?
- P S Patel:** Perfectly right.
- Barani:** And you are telling initially we will be at 10% to 11%, but it could be lower, but how much lower will it be in these projects?
- P S Patel:** That we can conclude in this last quarter when we conclude and final completion and the final bills which we submit.
- Barani:** My second question is on FY24's operating cash flows which has come in at negative numbers. Can you give me understanding why that is the case?
- Hetal Patel:** So, if you look at the moment in working capital numbers, we have increased inventories and at the same time there is an increase in other asset also and there is a decrease in other liabilities. For example, mobilization advance that was around INR245 crores last year which has reduced to INR135 crores. So, that has impacted our net cash generated from operating activities which has resulted into INR226 crores negative.
- Barani:** And what is this increase in other current assets?
- Hetal Patel:** Yes, that is other current asset that is mainly unbilled revenue. Unbilled revenue was INR257 crores last year and that is since last few quarters this unbilled revenue is around INR400 crores. As I have already mentioned this time around 31st March 2, 4unbilled revenue is to INR442 crores.
- Barani:** Okay. Got it. I will join back to the queue. Thanks.
- Hetal Patel:** Okay. Thank you.
- Moderator:** Thank you. We have our next question from the line of Devang Patel from Sameeksha Capital. Please go ahead.
- Devang Patel:** Sir, as you mentioned earlier, in the past, 85% of the projects were in private sector. However, if I look at our order book now, the share of government is around 70%. Also, now we are almost 100% in Gujarat. So, just the change from private to government in the past, does this affect our margins because we bid government projects on Tender basis etc.?
- P S Patel:** No, it is not absolutely about that because the government percentage in the total order book has gone high. It is majorly this percentage whether it is 50-50 or 60-40 or 30-70. We can't predict

throughout our whole year. It is a process wherein private companies' investment is coming little bit less.

We are not working on the developer side as there is a lot of work to be done on the developing side but as far as corporate companies and industrial infrastructure and hospitals, we only work with private clients. But as far as the government is concerned, we always understand that the economy of the country is growing so rapidly that the government projects will come on a bigger scale. So, this is why the percentage has gone up a bit and margins are not dependent on whether it is private or government. Of course, private has a different margin but at the same time there are different costs also because each private project has a different requirement of a client in terms of quality, safety and etc.

**Devang Patel:** On a similar note if you are moving up the ticket sizes and now we are qualified for INR2,500 crores, would that be margin accretive if we get large ticket size orders?

**P. S. Patel:** No, it is not like that. But it may happen that large ticket size projects where your overheads can come down little bit low because your revenue per month can go high. But the project timelines are strict too. In some projects the timelines has reached up to 30 months, these type of things can increase or reduce your profit as the overheads have been extended for further 12 months.

**Devang Patel:** So, finally on the settlement amount, we had already booked in our accounts INR140 crores was there but now the cash flow we will get is INR170 crores. We are effectively only getting INR28 crores additional whereas the claims were raised for I think about INR430-INR440 crores. So, why such a lower settlement with Surat Diamond Bourse?

**P. S. Patel:** That is an individual call wherein the overall we have claimed, we have received INR103 crores out of which we were expecting INR100 crores more. But as we wanted to get out of this issue because that was giving a bad impression to the company also. So, we have concluded INR103 crore total above the bill part which was already booked and INR103 crore there was also a part of the settlement.

**Devang Patel:** Since we were thinking of the settlement, did we really need to do the QIP? Because the UP project issuance will also start coming up in the first half. So, working problem, working capital problem will get sort of sorted. Did we really need to dilute really?

**P. S. Patel:** What?

**Devang Patel:** Did we need to dilute really in this last quarter? We could have waited for some more time or debt would have gone down with time?

**P. S. Patel:** That's again a call which each person has its own perception. What should I do and what should I not do. But at that time we were feeling the pressure of working capital cycle and the interest cost was going a little bit high. So we took that call but when we were going ahead with the court matters and everything, there were also suggestions from so many investors also that we should come out of this issue and we concentrated more on the execution side. So it's a fair call which I feel and I have taken.

- Devang Patel:** Fine sir. Thank you so much. I will come back in queue.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** So, my first question is to Hetal Ma'am, what was the total revenue booked from the UP projects in FY '24?
- Hetal Patel:** We booked INR 741 crore from UP projects in FY24 and in total we booked INR1459 crores.
- Parikshit Kandpal:** Okay. My second question is on this Ma'am was telling the net block and the gross block breakup. So, now this precast facility substantially like you have invested close to about INR200 crores. So, just wanted to know what has been the contribution to revenues? Because if I see the net block is INR321 crore, precast, gross block is INR200 crore. I don't have the net block number, but I assume it's significantly high. So, in terms of asset terms and revenues, so how do you see the potential of precast contribution towards revenue? What has it contributed in FY '24? And what are the margins you have booked on that?
- P. S. Patel:** You know, in terms of contribution, I think in the first couple of years, it was a new technology that was growing. And now what we're seeing is there's a huge demand and a huge demand from everywhere. You know, we've worked with Nestle and we are also quoting for Tata and Coca-Cola also. So everywhere now, precast is growing in terms of the industry.
- Warehousing, we have already declared that this quarter we have completed three warehouse. So, in totality, I think last year we did about 12 lakh square feet of warehousing facility. So, now this technology should move ahead and we should be in a position to ask for better margins also. So, now the time has passed and people have trusted now. So, of course, you are right that the overall gross block of about INR200 crores. But I think we should be in a better position in the next year when we will be able to generate good revenue from this side.
- Because it's a mixed revenue stream, we're not able to provide you with the exact revenue stream. Some of these projects are our captive consumption and some of these are one-off projects completed exclusively on the property side.
- Parikshit Kandpal:** So, over the next 2-3 years, what is the business plan on this? So, INR200 crores of CAPEX can give you what kind of revenues or asset turns?
- P. S. Patel:** I think within next 3 or 4 years, we should be in position to generate minimum year-on-year growth of about 25%-30% from what we are doing today and maximum we can generate a revenue of INR350 to INR400 crores maybe after 1 year or so.
- Parikshit Kandpal:** Second question is on for UP projects and SDB. So, what is the total pending receivables yet to be recovered and what is the total pending order book? So, I think SDB there is no pending order book. But sir, you told me correctly INR200 crores is yet to be received from them. In terms of collections or cash coming into you including the GST and your share will be about INR170 crore excluding GST. So, that is INR170 crores of cash to come in from SDB and also if you

can tell me what is the total pending collection from UP and what is the total order book yet to be completed?

**P. S. Patel:** I think in UP, it is not more than INR40 or INR50 crores and some portion is from Kashi Vishwanath that is INR20 plus crores. So, these are the major pending amounts that we can expect this year.

**Parikshit Kandpal:** From medical colleges, what is the pending from medical colleges? Basically, I wanted to know how much cash you are expected to receive because now SDB is settled. So, is it right that you will receive INR170 crores of cash from SDB over the next 1 year, 1 month. Within 1 month, you will get INR100 crore and balance will come by the end of this year. And secondly, what is the pending receivables from UP Medical College? Which is yet to be realized?

**Hetal Patel:** See From UP Medical Colleges and hospitals, both together if we see around INR80 crores is the outstanding receivable

**Parikshit Kandpal:** Okay, got it. And collections from SDB, is it INR170 crores which you will receive in this year?

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

**Parikshit Kandpal:** Okay, that's the cash...

**Hetal Patel:** Basically, INR170 crores is the claim amount. We will be receiving INR225 crores including GST.

**Parikshit Kandpal:** INR170 crore excluding GST, so that is the inflow which will come in and UP another INR80 crores. So, that will take the number to close to about your share excluding GST will be INR170 crore plus INR80 crore. So, INR250 crores of cash will come in.

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

**Parikshit Kandpal:** Okay, got it. So, that should take care of your net cash. I mean, the debt will then go to zero. I mean, you have already reduced the debt. So, with this money coming in, your debt will now again become net cash company, right?

**P. S. Patel:** Yes, we can say that.

**Parikshit Kandpal:** Okay, sir. Thank you and wish you all the best. That's all from my side.

**P. S. Patel:** Thank you.

**Moderator:** Thank you. We have our next question from the line of Rushabh from RBSA Investment Managers. Please go ahead.

**Rushabh:** Sir, we have given a guidance of 15% revenue growth for this year. Historically, we have been growing at 20% plus over the longer period of time. So, is it that we have been conservative this

year and maybe FY '26 onwards we will go back to looking at targeting 20% plus growth? If you can share some light?

**P. S. Patel:** I can't say it's conservative, but it's a calculated decision that I've made over the past two years where the execution pace is not 100% of the company because there are many other factors that affect our growth. It also depends on the order flow. As I mentioned earlier, if your order flow is significant in first two quarters, then it matters that it can go above 15%.

But if majorly order inflow is in the last two quarters there can be different scenario. So, that's what I am saying. So, that's on the minimum side I am saying 15%. It can go up or down, up only. But it depends on how the new orders are coming up in next year, this year.

**Rushabh:** Sir, we have observed that certain say the three high value projects like the Varanasi Airport, Gems Park and Hospital project, they have gone to the same competition. So, have the players become more aggressive in the current scenario? So, what is your reading here?

**P. S. Patel:** See, it is not like that somebody is quoting on aggressive side. So, we also start bidding on an aggressive side. Still we are going cautiously and we expect the order inflow about in the range of INR3,500 crores last year also. We thought of going for INR3,000 crores and we reached INR3,498 crores. So, probably we should go and concentrate on the pace what we are doing now. And even if that order inflows little bit less, it is not about going on a dynamic bidding only.

**Rushabh:** Any big order that are we expecting this year which are say INR800 crores plus order in FY '25?

**P. S. Patel:** Yes, there are few orders We are already bidding for one of the large projects about INR2,000 crores. I will not name the project now but it is in Delhi and we are bidding for that project. So, there will be some few large orders which we are bidding. So, now already we are bidding for more than INR350 crores to INR400 crores.

**Rushabh:** Is there any update on the Pandharpur arbitration? What is the update there? It is not heard since long.

**P. S. Patel:** Bhiwandi I think cross examination is going on. So, probably once the cross examination from their side is over, further it can take 2 or 3 months for the final conclusion on the arbitration side. Pandharpur is yet to start. Pandharpur cross examination is yet to start. So, probably we can say six months from here for Pandharpur.

**Rushabh:** Sir, can you just share the bid pipeline?

**Moderator:** Thank you. We have a follow-up question from the line of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Sir, just to clarify, you said our bid pipeline is INR4000 to INR5,000 crores and that includes the INR2,000 crores of one Delhi project and rest whatever you mentioned, four or five projects. So that also is of 1,000, 200, 1,500....

**P. S. Patel:**

Shravan, my bid pipeline will be exactly INR5,746 crore. I will name each and every project because it is a big list. So I didn't mention it but you can hear now again.

<b>Project Name</b>	<b>Estimated Amount</b>
Commercial Project at Noida	2,000
AIIMS, New Delhi	445
Academic cum Residential Project for Tata Institute at Hyderabad	350
Highrise Residential tower at Bangalore	350
Sabarmati riverfront Infra Project at Ahmedabad	300
Industrial Project at Sanand	300
Industrial Project at Dahej	300
Sports Complex at Gandhinagar	250
Residential Project at Ahmedabad	230
Residential project at Mumbai	200
Hotel Project at Bangalore	150
Street Beautification for GMC at Gandhinagar	104
Highrise Residential at Ahmedabad	225
Corporate Office for Torrent at Surat	80
Residential project for Charitable Trust	70
Other Projects	392
<b>Total</b>	<b>5,746.00</b>

**Shravan Shah:**

Thank you, sir. And sir, this SMC Surat project in terms of execution is there any problem because since the last one year we have just booked about close INR160 crores-INR170-odd crores of revenue. So in this year FY '25, how we are looking at in terms of the execution for this project?

**P. S. Patel:**

Actually, this was a four-basement project which we were doing. So the major structure was underground. Now we have already reached to first floor and probably once we reached to the podium we will be in a better position to complete the RCC structure in this year.

**Shravan Shah:**

So in terms of the revenue perspective, can we look at INR600-700 crores kind of a revenue from this project in FY '25?

**P. S. Patel:**

I think I have to come back because visually on structure side there should be about INR300 - 400 crores and on the MEP side how much they can give us the clearance, i am not sure, because usually what happens when the structure is almost completed, at least the glazing part and the civil part if it is completed we can reach up to at least INR500 crores.

- Shravan Shah:** And in terms of the deadline, this project is supposed to be now completed by?
- P. S. Patel:** Actually, the timeline is 36 months, plus the monsoon period they have given. Probably we should be in position to complete it by 36 months. We will not ask for additional monsoon period which has been allowed in the total timeline of the project.
- Shravan Shah:** And the projects that recently we have received, particularly in the last six months, so in terms of the execution, will it start contributing execution from this quarter or next quarter itself or it will take time to start?
- P. S. Patel:** No, I think only one project of INR225 crores in Science City, that we are waiting for EC, that's the museum. Most of all the projects which we have declared till March end are under execution, just started. So mobilization is over and some of the project execution is going on. So we can say yes, that has already started except One.
- Shravan Shah:** Yes, because what I am trying to still understand is that in terms of the overall because last two years we have recorded a lower revenue, INR100-odd crores and now again last time we were looking at INR3,000-odd crores kind of revenue in FY '25 but the 15% if I look at then it is still on the lower side. So rather we should be, we would have done or guided on the higher side because another INR170-odd crores is on the lower side...
- P. S. Patel:** Shravan the basic problem which we also considered and when you see the peer companies also, most of the peer companies are having an order book of maybe 3x or 4x whatever revenue they are generating. When we have a track record of generating revenue and we have an order, outstanding order of 2x only. So probably that is also one of the reasons that we should concentrate on the size of the project but when we talk about project it is always 2 years or 2.5 years.
- So if we have a better order inflow this year then we can go beyond 15% but by looking to my past 2 years' experience growing at a pace of 20% plus or 25% plus only the thing which we can manage should be order inflow on a major site which should be above 2x to 3x that can give you revenue of whatever you are saying is more than 20% or 25%.
- Shravan Shah:** Because at the same time even 1% lower EBITDA margin because initially we used to say 11% to 13% and now we are saying 10% to 11% so INR100 crores to INR200 crores lower revenue plus 1% 2% lower margin so that is actually having a decent impact on the PAT level so that is the only worry I am trying to understand?
- P. S. Patel:** Yes, your understanding and your doubt is clear, I can understand and by looking to my 2 years of experience I am seeing what I have already cleared you. See what we should concentrate it should be our same order book should always be more than 2x and at the same time when your order book is out more than 2x, your construction pace will go high and because the overhead is going to remain the same so that will automatically add to your margins and automatically add to your growth also.

- Shravan Shah:** And last just a clarification once in the previous reply we said that by end of FY '25 we hope to be a net cash company. So, we will be having a very very minimal debt?
- P. S. Patel:** That's right and that's what we are expecting provided we get all the money which we have just discussed about INR50-80 crores from UP projects and INR225 crores from Surat.
- Moderator:** Thank you we have a next question from the line of Uttam Kumar from Axis Securities. Please go ahead.
- Uttam Kumar:** Yes, hi, sir. Thanks for the opportunity, sir my question pertains to UP projects you executed two large projects in UP. So, what has been your experience in executing projects outside Gujarat and just wanted to understand whether you are more comfortable in executing projects inside Gujarat rather than going outside?
- P. S. Patel:** It is not about the comfort. Now company is able to operate anywhere out of Gujarat. So I can't understand what was your question.
- Uttam Kumar:** Sir, I just wanted to understand because there has been delay in receiving payments and all that from Uttar Pradesh and that has also impacted our revenue and margin also this quarter.
- P. S. Patel:** Yes. So it was not because we were in UP that the project got delayed. It was about the type of the project, at the start of the project, some of the project there was an aligned issue, so little bit project did start late and there were some issues related to foundation also because that EPC project all the responsibility lies on the contractor. So, that was also one of the reasons, but it is not because of the state that because in Gujarat we can make a faster project, and in UP, we are not able to do a faster project. We have already done a faster project of Kashi Vishwanath in UP. It depends on the type of the project.
- Uttam Kumar:** My question is to Hetal Ma'am. What would be our depreciation in FY '25? Overall depreciation?
- Hetal Patel:** Yes, see, it depends on the additions of the next year. And at the same time, see, it will more or less continue on this level which we are having right now. The FY '25 depreciation will be there. But it may increase if looking to the future additions of the fixed asset.
- Uttam Kumar:** Okay, ma'am. That's all for my side and all the best.
- Dipesh:** Yes. Originally, for the Surat Diamond Bourse, how much was our claim? And how much have we received that we have already mentioned? But how much was originally our claim?
- P. S. Patel:** That also, we have declared several times. I think it was in the range of INR450-500 crores. That was including everything. That was related to retention. That was related to billing. That was related to claim.



- Dipesh:** Just wanted to understand now, with this resolution happening, will we bid for, I mean, that makes us easily be able to bid for projects from Gem and Jewellery Export Promotion Council, like the one of the manufacturing facility which they're planning in Navi Mumbai?
- P. S. Patel:** Gem and jewellery project, I think, already started by Ahluwalia earlier. That was the tender we also bided. And it was, I think, one year back. If there is a new project, I'm not aware of.
- Dipesh:** Okay. And going forward, how much potential growth do we see in sales growth? For the coming next year?
- P. S. Patel:** 15% as already informed.
- Dipesh:** Okay. And how much was the ROE this year?
- Hetal Patel:** It is already there in our presentation. You can have a look at it.
- P. S. Patel:** I'm not knowing the exact figure. You can look at the presentation.
- Dipesh:** Okay. Thank you.
- Moderator:** Thank you. We have our next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Yes, sir. Thanks for the follow-up. So, Hetal ma'am, you mentioned that the contribution from this UP project was INR741 crores to the revenue this year. So, I was just doing math. So, I think PS sir told that the margins were expected to be 10%-11%, but it may be a good 5%-6%. So, if I do that 5% EBITDA on that, it comes to INR37 crores on INR741 crores.
- And if I adjust for the full year EBITDA of INR261 crores, on the rest of the revenues, which is X of UP, EBITDA is INR224 crores and EBITDA margin is 13.5%. So, now, going ahead, we don't have any sizable projects contributing a large portion of revenue, maybe in FY '25, but still we are guiding at 10%-11%. While the adjusted for UP project is still done 13.5% in FY '24. So, if you can just comment on that.
- Hetal Patel:** So, basically, if you are talking about the FY '25 impact of UP, so that we will be able to know only once we conclude the project.
- P. S. Patel:** And now the overall sales is not so high. I think it will be in the range of INR40-50 crores left. So, there won't be much impact, but that cannot be on the same margins which we have been expecting. So, that much impact can be there, but it won't be on a larger scale.
- Parikshit Kandpal:** No. So, I think next year you don't have too much to book from UP, right? I mean, you hardly have any order book left.
- P. S. Patel:** Yes. We are talking about first quarter only. We are not talking about other quarters.

**Parikshit Kandpal:**

But X of UP, this year you had margins of almost 13.5%. So, why are you guiding at 10%-11% margin when next year UP won't be there? So, I think you are guiding much lower in terms of margin.

**P. S. Patel:**

No, it's not only because I am guiding 10%-11%. Because if you see this year also, the overall cost related to overheads has also become a little bit high. Because on the construction side, the cost which is required on the overheads, previously we were able to manage at 3.5%-4%. This year we have been doing at 5%. So, incremental cost of the staff and the overall labour cost has also impacted this year. So, such types of impact can impact in future also. So, that's why I am saying we should target between 10% and 11%. Of course, the tendering process will still remain on the range of 12% and 13%. But the guideline has to be a little bit lower side. That's the reason I am saying. And that's what we have experienced in the last few years. Little bit of crisis.

**Parikshit Kandpal:**

So, basically you are looking at the recency bias of a UP project which makes you may be on the lower side of the margin band. But since such a large project will not be there in revenue contribution next year, it will be more diversified across projects. So, at least margins could be better. But you are still sticking to a lower side?

**P. S. Patel:**

Yes, you can say that.

**Parikshit Kandpal:**

Okay, sir. Thank you, sir.

**Moderator:**

Thank you, sir. We have our next question from the line of Devang Patel from Sameeksha Capital. Please go ahead.

**Devang Patel:**

Sir, on the Kashi Vishwanath Dham project also, we had some INR30-odd crores of pending dues. If you can please update us on that.

**P. S. Patel:**

It's still under process because of the elections. These last two months there has not been any movement. So, probably after election we will be positioned to give you right time. But it has been discussed twice with the government secretary level. So, probably it should move in next two months.

**Devang Patel:**

Okay. Sir, on precast revenues, if you can indicate what is the profitability right now and when can we reach the 14% plus margins on that?

**P. S. Patel:**

See, presently we can't have that individual figure for precast plant because it is both ways. It is doing some of the projects which we are doing as Civil, and being converted by client as a precast. There is no separate order. But in general, yes, we can think about 14%-15% margin in future because now the technology is being understood well by the market and more and more inquiries are coming from industrial side.

We are able to supply precast from here to Kandla also. Lastly also we had some order from Adani. We are also bidding for INR150 crores project of Adani which is purely precast. So, such types of project will come in future and that can give you a better margin. Because now when there is a shortfall of labour and there will be a shortfall of seasonal issues related to project

commitment, precast is the best way to give you on-time delivery and with less availability of labour and consistent throughout the year.

**Devang Patel:** Can we say that precast would have also depressed our margins this year because the margins we would have made would be lower than our construction margins?

**P. S. Patel:** No, we can't say that. That is a little bit marginal impact because we don't have a revenue break up. In general, if I say, it should be in the range of INR200 crores. So, any drop in margin of 1% or 2% cannot impact the total revenue of INR2,500 crores. So, it's not that way. But yes, this precast technology as we are developing, we are also in the position of investment. So, probably now after two years, people have understood it very well. So, probably we will be in a better position for asking a good rate in future.

**Devang Patel:** Sir, when you reach INR400 crores of revenue, what will be the continuing capex in that business for moulds? Because for every new project you might need new moulds.

**P. S. Patel:** No, it is not like that. As far as industrial projects are concerned or as far as residential projects are concerned, our facility is full and final. Last two years we have been able to invest majorly on the building side. We had expanded this into double size and that was probably on the infrastructure side.

That order from L&T where we required a new mould. Otherwise, as far as building is concerned, we have sufficient moulds. Or on the building side, even if we have to expand, we have one-one line pending. So, that will be not more than 15-20 moulds.

**Devang Patel:** Sir, lastly, the Gujarat Biotechnology project, I think we announced in October. There we have not seen any execution yet. Is that project on track?

**P. S. Patel:** No, it just came up on track last month only because there was no basement. But when the GIFT city, their project went to approval in GIFT city, they required a basement. So, concluding on the cost of the basement and adding on the order side and then re-approval of the whole plan has just concluded before 15-20 days and we are presenting in the excavation stage.

**Devang Patel:** Okay, sir. Thank you so much and all the best, sir.

**Moderator:** Okay. The next question is from the line of Vaibhav Shah from JM Financials. Please go ahead.

**Vaibhav Shah:** Sir, only one question from me. So, what would be the precast order book and revenue for FY'24?

**P. S. Patel:** See, we are not able to visualize the order of precast because as I said, this business is in the process of development. So, every year it is increasing. So, this year also, as I said, we are bidding for INR150 crores project for the Adani. So, if such types of one or two projects can conclude, then it will be a different story. So, very difficult to conclude on that part. But yes, if we can grow from INR200 crores to INR250 crores and INR300 crores and INR400 crores from the next three years, that's possible with the facility we have.

**Vaibhav Shah:** So, FY'24 revenue should be closer to INR200 crores from precast?

**P. S. Patel:** Yes, minimum.

**Vaibhav Shah:** Okay. Thank you, sir.

**Moderator:** Thank you, sir. As there are no further questions, I would now like to hand the conference over to Mr. Lokesh for closing comments. Over to you, sir.

**Lokesh Kashikar:** Yes, thank you. And on behalf of SMIFS Limited, I thank all the participants for attending the call. At the same time, I thank the management for giving us the opportunity to host the call. Thank you.

**Moderator:** Thank you. On behalf of SMIFS Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your line.

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