Punj Lloyd

Investor/Analyst Conference Call Transcript
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Atul Punj: Thank you all for coming. A lot of you have come from Bombay and I appreciate the effort. Since we are a Delhi-based company it is important to get some visibility of our home also with the level raised. The idea really was that we should present to you as to what we feel is the opportunities in the group. Historically speaking, we all are aware of the couple of pitfalls that we had and where we did stumble as a group for reasons that none of us intentionally went into, but we just found ourselves in a situation and we tried to deal with it in the best way that was possible.

Going forward, we see very strong pipeline of opportunities, especially in the Middle East, which for the oil and gas side had gone into a kind of holding pattern in last one year particularly. In the beginning, most of the clients in the Middle East said that they were not holding back any projects. What we found was that, by default a lot of the projects were being held back by them and no decisions were happening. One of the added hits that we took last year was the lack of order flow in the Middle East which now we are finding has been lifted and we are finding a lot of activity taking place.

On the infrastructure side, there is a lot of opportunity but at the same time, there is also a lot of competition. I was joking with a friend of mine that when I started my career, every business group in India had to have a stock broking company in their group. That stock broking company became a NBFC that NBFC became a software company that Software Company became an internet company which then became a real estate company and today has became an infrastructure company. Our approach has not been to go after every project in a blind manner. We are now really focusing and waiting for the mega projects in between Rs 3,000 to Rs 5,000 crore to come and which are now on the anvil and where we feel we will have a competitive advantage. The rest of the focus is on completing the existing projects, particularly the ones in Assam that have been running very-very slow. The other focus that we have been giving lot of time to is converting the infrastructure backlog in Libya into cash. What happened in these projects was that the Letter of intents were in hand, some advances came through, but for lack of organization on the client side, we were not able to covert that back log to cash. So the large amount that we had was not converting into actual revenue. We have now started seeing a movement on that and in the next couple of quarters, you start seeing a significant contribution happening from there. We augmented our management team in Libya as well.

We had brought in people in Libya with experience of up to 10 years and we are quite confident now that we should start seeing movement happening pretty aggressively.

Also the focus is now to look at sub-Saharan Africa where we are seeing a lot of opportunities popping up. A lot of developing countries' money is focusing in sub-Saharan Africa as well and we are looking to see as to what advantage we can take out of that.

On the green side, Punj Lloyd Delta solar has won probably one of the largest solar orders in India from Bihar to build about 850 solar power water treatment plants at the village level and this is the first series of rollouts by various states. That has put us in the map pretty rapidly.

As a result of Copenhagen, the developed countries have committed USD 100 billion over a 10-year period to developing countries so that they do not make the mistakes that the developed countries have made. We are trying to figure out as to what role we can play in that initiative. We are seeing a significant amount of activity coming up in this segment as well.

Sembawang has performed exceedingly well. Even though their top-line got impacted, their bottom-line held strongly and they are now seeing some significant amount of work coming through. Sanjay Goel's team has done a very-very good job and he has recently attracted some good private equity investment as well into his entity and we were seeing that growing from strength-to-strength as well.

Overall, I think we are pretty confident about what's happening in the future. Hopefully in the next 3 months whatever residue that is of the pain that we have been suffering would be worked out. We are very confident about the H2 and I believe it is going to be a strong period.

The idea behind doing this meet rather than doing conference calls, where everybody is faceless and nameless, was that if we really interact on an one-on-one basis at least twice a year, it will give a much better sense to both sides as to what is the expectation on either side. So with that we will open up for any interaction that may be required.

Venkatesh: This is Venkatesh from Citigroup. Does Simon Carves have any other pending orders which you need to complete and are they on schedule?

Luv Chhabra: Simon Carves has some residual work on Ensus which is still left. We have declared that the project has been commissioned which means that they have achieved 60% capacity. There has to be testing for the project to achieve the rated capacity which is still work in progress. We believe that it should get completed over the next 2 or 3 months. Other than that, there is a small amount of work pending in Iran which is for the Amir Khabir project. It has been executed in consortium between Dayim and Simon Carves where Simon Carves is doing the E&P portion and the construction portion is being done by Dayim. The project got held up because of sanctions in Iran. There were level transmitters which the German company refused to provide. Since then the client has been able to secure the level transmitters and the project is now coming to its conclusion. Consequent to the restructuring of Simon Carves, they have won two contracts which are pure engineering jobs on a reimbursable basis. One is from Dow chemicals and the other one is from a Canadian company.

Venkatesh: Is the Sabah Sarawak Pipeline project on track now as it had some amount of delays when we had our last conference call?

P K Gupta: Sabah Sarawak is now on track. There was an initial delay because pipes which were to be supplied by the client were facing some quality issues and also there were some ROW acquisition delay. Although the delay to the project has happened but simultaneously there were negotiations of the delay costs with the client and we were able to add approximately USD 95 million to our contract value because of these delays. Further delays which had happened and are currently being negotiated are up to the tune of about USD 60 million. Also there is an additional scope being added, which will be another USD 100 million for a chilling plant. So, our contract value has changed from USD 500 million to approximately USD 800 million. Right now the project is on track and we are having quarterly sponsors' meeting. When I say sponsors' meeting it is the top management of Petronas and top management of Punj Lloyd. The gas supply from the offshore is itself getting delayed and this pipeline is supposed to carry those gas supplies into the LNG processing in Bintulu. So, this pipeline will be utilized when the gas supplies come from the offshore and post completion of SOGT or the Sabah Oil and Gas Supply Terminal which is being tendered out now and will get ready by around 2013 or 2014. Petronas on the other hand is not in a great hurry to get this pipeline. However, it is good for us as a contractor that we are getting the requisite claims to carry this out.

Atul Punj: I think from Punj Lloyd's perspective it is a very good contract and it is an environment in which we would like to see ourselves more often, where the client has caused delays and he is happily negotiating cost for those delays and agreeing to pay us. As PKG mentioned, the USD 500 million starting contract will end up to being about USD 800 million because the client recognizes costs that we are incurring by having to stay on the site that long. If that had to happen in India it would have been a case of another litigation that we would have to have with ONGC or IOC or HPCL. So, the quality of the client is 180 degrees apart.

Venkatesh: I guess you do not have 100% stake in two orders which you have reported (a) Shah Gas order of around Rs 20 billion and the GMR Hyderabad, Vijayawada order of around Rs 11 billion. What would be your proportion in these orders and have you recognized only your proportion in your order backlog or the entire value?

B S Kapur: As far as Hyderabad, Vijayawada project is concerned we are doing Rs 1,100 crore worth of project for 120 kilometer which is 2/3rd of the project and the remaining 1/3rd of the project is being done by GMR.

Luv Chhabra: We are reporting exactly our portion of the work on the engineering and construction side. On the Shah Gas Project for reasons because of the client we are declaring the total value of the contract from the consortium but the order backlog has just our scope of work.

Venkatesh: Thank you very much and all the very best.

Pritesh Chheda: If you could reconcile as to what has gone wrong. Incrementally, what steps have you taken? Can we assume that from hereon it is a clean slate?

Atul Punj: If you really analyze as to what went wrong historically and why was it that we were not able to get a handle on how bad is it and why is it that every time that we were talking to you, one would have a sense of closure and then find that there was a sense of reopening again, it was something that embarrassed me personally time and again. Now, when you look at the issues that really went wrong, we look at the Simon Carves and the Heera project.

Unfortunately, we spent little time on all those good stuff that we did like the refinery projects that got done on time, the other work on the offshore side that got done well and profitably, all the projects in the Middle East that were done effectively and the high way work that was going on well. So, all that stuff gets lost when you have one or two incidents that take place which happened in our case. In the case of Simon Carves essentially, the biggest challenge that we had was lack of productivity in the UK and the inability of management to influence the unions. We were paying for 40 hours a week to a particular person and the average productivity that we were getting was around 6 to 8 hours. There is a concept in the UK called 'Sympathy Strikes' which is unique to the UK. Sympathy strike for example was that Totaal decides to shutdown their refinery in Teeside and in sympathy our workforce walks off the site. As a result to which we were not able to predict the productivity and neither were we able to take any disciplinary action on any event that was taking place. So work that should have taken around one day was dragging on for a whole week. Also many times there was a deliberate sabotage by a lot of people to ensure that rework was required. For example, they would take the scaffolding of a whole piece of this whole work as done, the subcontractor would say it is done dusted and we could go on. Then you would find another contractor that would come on line and would say that he cannot go up unless you put back the entire scaffolding.

Honestly, it was a case of us not understanding the complexities of construction management in UK and that impacted us on both the SABIC and the Ensus project. That is when we took a decision that we are not going to take any such opportunities again in Western Europe, no matter how lucrative they may seem.

The third piece that went wrong was the Heera piece. Heera clearly is a case where we have a very strong position and had we not have this baggage of Simon Carves, would have been a one off event. In the Heera case, the design on which we bid the project was a flawed design. After we won the project and we went into detailed engineering we discovered and we informed ONGC that this design would not work and we needed to redesign it. They told us to go ahead and redesign it. So the consequence of redesign was that the steel quantity went up three times and a lot of the associated costs as well. ONGC says that we will pay you the additional steel cost. Our contention is that we have not only bought that much more steel but we have also fabricated that much more steel and it has taken us that much more labor. Also we had to relocate the yard because the one that was good for 1/3rd that size was not good for three times that size, the load out barges had to be resized; the crane barges had to be resized. So the consequent cost of that steel quantity going up three times was way more than what they are willing to accept.

P K Gupta: Additionally, it went into another season, which needed mobilization, demobilization and remobilization which also adds to the cost.

Atul Punj - Simon Carves piece is one event comprising of two major projects that we happened to find ourselves in and the third one was the Heera project. The embarrassment on our side is not being able to predict how bad it is and when is the backstop. I think today we are at a position where we can comfortably say that the residue of Ensus project is all that is really left and if it is to have any impact in terms of Simon Carves, it would probably be maximum to the next two quarters, but not in a significant manner like we have had historically. So now it is really the cost of keeping Simon Carves up and running till the time they pick up on their own stream, though the pure engineering orders have now started flowing in. With the bulk of the issues behind us now, if we think how bad it can go from here, I think we have passed that now.

To make a fairly honest statement, I would say in another quarter it would be a clean slate. There is still a bug in my mind and for me to say right now we are clean would not be right. Based on historically having to eat my words time and again, I am little nervous about saying it is over but I would say a maximum of one more quarter.

Pritesh: I hope the bug is not as big as the quarter four bug?

Atul Punj: No.

Madhusudan: The perspective which you are putting today, like the labor problems, I am sure you would have known it four quarters ago that this is the way the UK labor is working. So you could have taken an open-ended cost as to how much time is it going to take.

Atul Punj: When you find a particular situation where you do not know if it is actually the problem which the site is reporting to you, then you go to the site, you get a sense that yes what he is saying is true but maybe he is not managing them right, then you make a change of that person and you hope that the new construction manager that comes in will be able to sort that out, then you find even that is not happening. So in many cases it was a process of discovery for us also.

We did made changes. Earlier we had Brian Waltmaier who was running that entity, we then changed him and brought Mark Leggett in and we found that even he couldn't turnaround so we had to let him go. It was really from our point of view a process of discovery also. Now it is an engineering company and Mr. Kiriti Bhattacharya is heading it. He is a 20 year shell veteran based in UK and is refocusing it entirely. So, the honesty was not there not because we did not want to be honest. My own people have questioned us on that and I told them that it is not a function where we are trying to keep the information away but these are real issues that we cannot get a handle on. And as long as I cannot get a handle on it what could I say. The good thing is that now, I would say 99% is behind us.

Madhusudan: For all the write ups which you have done on all these projects, do you expect some amount to be recovered over a period of next 12 to 24 months? Can you give us some idea of the quantum?

Luv Chhabra: The process is on for SABIC. There is a fairly complicated legal process for recovery. We have to go through a pre-application protocol for mediation and that stage is on right now. Once that stage is exhausted then we go to the courts and ask for it. Frankly, I do not know how long it will take and neither can our lawyers give a commitment. Once it goes into the court, the judges will decide based on the merits of our case that whether it is £ 10 million or £ 20 million. We hired Amarchand & Mangaldas because we had a greater trust and faith in them. Before we hired them, we asked them to take two or three months to examine it in detail and tell us if we have a case worth pursuing or not. Mr. Punj was there with me when we had the discussion with Pallavi Shroff and she unequivocally said "yes, I believe you have a case". That is work in progress right now. On Ensus I do not believe we have too great a case. There is money due from contractors and that is something that we will fight but it is unlikely that any money is due from Ensus. On ONGC we are going to file arbitration anytime. Frankly, we were waiting for some more money to come in from ONGC because once you file arbitration then all doors are shut. So we are trying to recover as much money as we can.

P K Gupta: ONGC project is now complete. There are some anodes that are going to be fixed which are part of punch listing, where the coating of the risers could not be done. Rest of the project is complete and we are asking for a mechanical completion certificate and it should happen by the end of June and by that time we should be filing our arbitration.

All the platforms are producing except one which will be taken into production soon. There is one pile refusal that has taken place in that platform and it was their problem. The testing is being done and after the tests are cleared they will take that platform into production.

Madhusudan: In your balance sheet you have Rs. 4,500 crore of debt and Rs. 4,800 crore of current liabilities. How much of this current liability you think will get realized over the next 12 or 24 months?

Do you think there is a possibility of the debt going up even further from here over the next 12 months or so?

Luv Chhabra: The debt going up is a project related phenomena and as some of the projects extinguish the debt will get repaid. If the debt goes up it is largely working capital debt which will be linked directly to projects. How the order inflow comes up and the type of orders typically guide this debt. If they are generally cash positive orders then you will see a lot more non-fund based rather than fund based. There could be some marginal increases in debt over the next six months, but our belief is that 6 to 8 months later we should probably reach the peak level and projects will start throwing up money.

Atul Punj: To add on to that, now our focus really is on the larger orders. We are not looking to fight in that USD 100 million space. We are trying to vacate that space and move up into the half a billion or USD 2 billion kind of space. Also, we find that in this space it is easier to manage contract terms because clients are willing to discuss about what can be done to reduce their cost and if they find that we have added too much in terms of finance cost, they are willing to have those negotiations. So, we are hoping to move into that regime rather than the classic PSU regime where they shove everything down to us.

Madhusudan: Can you throw a little more light on the current liabilities?

Raju Kaul: Primarily it is project related. As and when the projects get to work they will get paid. It is linked to the project cycle. With a normal credit period of 30 – 45 days, as and when the collections come in they get paid. By and large it is related to projects only.

Participant: What will be your debt cost that you expect this year?

Raju Kaul: Last year, as a group we paid around Rs. 300 crore of interest, including short term and long term and I expect it to be in the same range going forward.

Nitin Bhasin: Nine months back at the IPO of Pipavav you said not to look at it as a shipyard but as a high end engineering facility and now you sold it to repay debt. What has gone behind?

Atul Punj: No, we did not sell it to repay debt. The issue really was that in a partnership both partners have to be aligned but what was happening here was that even though we were the co-promoters of the yard and we had financial guarantees out there, we were being kept blind to whatever events were taking place on the yard. So, it was quite obvious that this was not emerging as the type of partnership we expected it to be. From our side we made efforts to be able to bid jointly on certain projects and as a consequence Punj Lloyd got disqualified. There were two packages where Punj Lloyd was qualified on a standalone basis but because we got Pipavav Shipyard in, ONGC disqualified us because Pipavav Shipyard did not meet the conditions. So, we found it was actually working to a detriment in terms of ability to influence, ability to get information and ability to work jointly. The entire intention with which we went into it was compromised which is when we said that either we buy out our partners or they buy us out and it so turned out that they did.

We exited because we felt that we were not getting the kind of partnership that we expected to get. We are now looking to set up a similar facility at another location, not to the size of the Pipavav Shipyard but for our module fabrication piece.

Nitin Bhasin: After two years you came to the conclusion that you were not actually working in a partnership mode but you were kept blind.

Atul Punj: Yes, because for two years the project was under implementation and it was not ready to actually start production.

Nitin Bhasin: Were you interacting with them on a regular basis?

Atul Punj: No. The interaction was totally in board meeting.

Nitin Bhasin: In terms of Heera project, what was the amount of expenses or the cost booked in the last quarter?

Raju Kaul: Last year we have booked cost over-run of around Rs 300 crore on this project if you exclude Rs 243 crore of the claims which we had taken to revenue.

Nitin Bhasin: Around 18 months back, in one of your presentation you had highlighted about a USD 5 billion value of bids you had put in for ONGC. Since then ONGC subsidiaries have given you some bit of orders but ONGC as a parent company on the offshore side has not given you any order. Is there any specific reason or do you think it is because of the Heera project?

Luv Chhabra: I think it has been covered very clearly in PK Gupta's presentation when he spoke about some crazy bids being given by international parties in offshore bidding in India.

Nitin Bhasin: Is that the only reason? Do you expect ONGC to give you more offshore orders and upstream orders from here on?

PK Gupta: We were not able to qualify for two of the bids because we joined with Pipavav Shipyard and they were offshore bids with ONGC. In another two bids where the international parties bid very aggressively, they bid at 50% of ONGC's own budget. We do not know the reason behind their pricing so aggressively. For all those bids where we lost, we were L2. Also among the two bids which were not opened, we were L1 in at least one of them.

Arun Kumar: This is Arun Kumar from Brics Securities. In your current revenue stream pipelines constitute the highest, but when we look at the order book, the infrastructure is substantially higher. Do we see a substantial change in the composition for your revenue flow for next two years?

Atul Punj: I think it is a moving target and it all depends on one win which is significant. There is no intention to change the revenue mix. Our focus is oil and gas as much as it is infrastructure. The large piece of infrastructure has been the Libya piece which has been reflecting as a backlog but not converting into cash. These numbers will keep moving up or down but there is no intention of the Company's management to change focus.

Arun Kumar: Your current debt has gone up by Rs 10 billion in the last one year. Is there any specific reason for this substantial increase and how do we see that going forward?

Raju Kaul: That is partly because of the SGTP contract in Qatar, which is the largest ever job for Punj Lloyd, and other huge projects. Also we have bought a number of equipment including a barge last year which costed us around Rs 250 crore. A part of the long term debt is for the purchase of these equipments.

Arun Kumar: What is the current average cost of the debt at the moment?

Raju Kaul: For working capital it is somewhere around 9.75% and for the long term rupee debt it will be in excess of 10.5%. That is in India but it is much lower in Middle East and other places. In Middle East the average would be around 6.5% to 7%.

Sumit Kishore: What kind of a revenue growth do you see for FY11 and for next 2 to 3 years, given FY10 was weak? With the one offs removed, the margins in the current year look healthy. Would you like to give any guidance on what margins you see in your business going forward?

Atul Punj: We are not in the business of looking at the future the way you look at it. We are in the business of trying to do what we do best. Along the way we had a couple of issues and as I said quite candidly, one more quarter of that pain and then we should be absolutely fine. We are not going to give any projections. All I can tell you is that out of the order backlog that we had, there was a significant piece not converting into cash which was bothering us and which now over the next couple of quarters is going to move up. The order backlog growth has been extremely robust. We see healthy growth rate in all spaces. We are working in 16 different countries and are present in almost every vertical where most global E&C companies are in and we are really looking to capitalize the best of that. We are confident of significant growth happening over the years and we do not see any of the risk pieces appearing again as a surprise as we had historically.

Unfortunately in this business, when you have a surprise like this, it can not be fixed in a week or a quarter or half, it can take up to a year also. We are very conscious now that when we go into a particular issue, we do not wish away risk as something that will not happen to us and will only happen to someone else. So, we are much more cautious but having become that much more cautious we are still being that much more successful.

Sumit Kishore: Mr. Kapoor highlighted a lot of competition related risk in this sector and at the same time your order book mix has shifted more towards infrastructure. Do you think that this is going to result in a decline in the margins which you have enjoyed in an environment when I remove the one-offs?

Atul Punj: The competition is there and we are finding competition on the oil and gas side too. When we look at the kind of the pricing that was given on some of the offshore business, it was suicide pricing and is completely unworkable. Similarly you have people on the highway side that are quoting ridiculous prices. We are conscious about not doing that as our canvas is much wider because we are in 16 countries hence we have a much greater place to play in. All I want to say is that don't let those three events color your view of all the other achievements that have happened in the group. All we are saying is that we have learnt our lessons from these three events that have happened and we are doing our level best to make sure that it does not repeat itself ever again.

Pritesh Chheda: Some time back to just highlight, we said that we will not get into BOT roads. At different points in time we had different excitements - we had Punj Lloyd upstream at a point in time, then we had Simon Carves and now we have Solar as an excitement. You want to be in different countries and businesses. Diversification is good but even specialization is also good. Mr. Punj, what is your vision for the Company considering so many diversifications? Also if you wish to chase these opportunities, have you all mapped out the capital deployment program? What will be Punj Lloyd in the next five years considering the fact that everything which we plan to chase would need us to deploy capital?

Atul Punj: I appreciate your question but one thing I would like you to understand is that every organization evolves. In this evolution there are many aspirations, there are many experiences, there are learnings from that which keeps you correcting your course. On the upstream side we are still very excited that the company is doing well and the EBITDA is around 38% and it has done exceedingly well for us. As an E&C company we have pretty much covered everything now. There is no real great area which I could say that we are not in other than the deep water ports and hydro projects. As an E&C group, these are the two spaces where we are not playing in right now and that will come based on opportunity that will present itself. Let us say if those three events would not have happened, these discussions would not be happening and we would have had enough surplus cash. We would not be talking about Rs 4,500 crore in debt rather we would be talking about Rs 1,000 crore debt. The reality is that they happened but in every space that we are playing in today is now starting to fire on all cylinders. The reality today is that other E&C companies in India which are not international are following us aggressively internationally.

Recently, I had a long discussion with our largest competitor, and they have clearly said that in the next five years they want to have same kind of geographic split as we have. So what we aspired to do and what we have achieved is now being aspired to by a lot of others. The difference is that we were running very fast in a very short period of time, we did not plan on stumbling as we did in Simon Carves and on the Heera Project and that has set us 18 months back. We are now looking to get up again having learned from the experiences we had. It is not that we are blind to it and we are going to stumble into making the same mistakes again. We are not looking at getting into any new major capital investments in the next 1 year or 18 months till our financials catch up again.

We are now very focused. We have all the people over here that are relevant for different regions, verticals, companies and entities, and they have explained to everybody about the size of the opportunity. Each one of these people has delivered to what he has promised in the past and that is what we are going to do going forward.

The vision is to be a global player in the E&C space and E&C space is to do with project management and construction management. When you refer to the BOT investments that we are going to make, the issue is that at that time we felt that we did not want to be BOT player but the environment has now changed in a manner that we have no choice but to play that game.

Pritesh Chheda: Can you avoid it?

Atul Punj: We can avoid it but then we wish away the highway sector. There is no reason for us to walk away from it and our investment in BOT is not linked with drawing on capital, it's like diverting our profit on a particular project back into equity. We are not looking at raising additional capital. If we meet that math, we are fine, if we do not meet that math we do not bid.

Luv Chhabra: The other thing you should recognize is the nature and structure of the concession contract three years ago is entirely different today. It has undergone a dramatic change and I would urge you to read the concession agreement and then come back and rephrase your question and you will see that it is a sea change. The risk reward structure which is present with the BOT contract four years ago has undergone a dramatic change and they are much more balanced contracts now.

Participant: Could you give us some more clarity on why Libyan projects would ramp up in two quarters' time? Where do we see ourselves today in terms of advances, people deployed and capital deployed?

Atul Punj: There are three sets of projects in Libya and Punj Lloyd has got five packages. Out of those five packages the advances have come in for two of them.

Participant: What is the amount of the advances?

Raju Kaul: The amount of total advances received is LYD 15 million which work out to be Rs 600 million.

Atul Punj: The trigger in Libya is the advance payment. Once you get the advance payment the project moves. So, as of now, out of the balance three, two have been processed up to the board and one is yet to happen. Therefore we are seeing a significant movement.

Luv Chhabra: On the Sembawang side, one of them will start moving from the second quarter of this year, which is half a billion dollar contract.

Aniruddha Mate: With our intentions of bidding for road BOT projects worth Rs 3,000 crore, how do we plan to fund the equity component of it? Secondly, your views on the FCCB part as they are coming up for redemption in 2011 and from the current market price it seems they are pretty out of money. Lastly, over the last quarter or so we have seen a couple of senior management people exodus, your views on that.

Atul Punj: On the large projects which are the expressway projects, nobody in India qualifies independently so everybody would be partnering. So far our approach has been to partner with financial investors and so we have bid projects with IDFC, IL&FS and Morgan Stanley. We have been looking for people with deep pockets who have the ability to come up with the funding for those. We are looking at the minimum with which we can get away with and which should equate clearly the part of the profit on that particular project, otherwise it makes no sense for us.

On the issue on exodus I would not quite agree with you on being exodus. As part of the evolution of a particular company, you need to make sure that you are running an objectively run organization and not a subjective organization as far as the talent and people are concerned. You also got to recognize that it is important to keep bringing people who have gained experience within your company up to a level of new responsibilities on an ongoing basis. Here we have elevated people up into positions of authority and responsibility and have empowered them, which at times is not acceptable to incumbent. If they do not find the environment to be acceptable to them they decide to move on and I would not call that an exodus. A very senior person, who decides to leave Company, will have his one or two boys, in the sense that will follow him along. I would not call that an exodus. The company continues to grow and we have people over here who have been with us since a very long time. Ravindra Kansal is with us for about 20 years, PK Gupta for 20 years, Mr. Chhabra for 11 years, and Raju for 10 years and I have been around for bit longer than that.

Aniruddha Mate: The people who have left us were with us since inception if I am not wrong.

Atul Punj: Yes, but if I find that I am going to start running this Company by who says hello to me in what manner everyday rather than what he is doing for the Company, I would have a serious problem in the entity. I do not encourage that approach. It may be somebody who has been around for 30 years or 40 years, but the Company is larger than any individual including myself. If this Company was being run on the basis that there is one key critical person without whom there is no future, I would be very nervous. A doctor's firm can run like that, a hospital can run like that, a law firm can run like that but an entity like this cannot be run on the basis of one person.

Luv Chhabra: We will decide upon FCCB closer to the time. It is not a decision that we need to take today. We have 9 or 10 months to take that decision. Thank You.