Punj Lloyd Limited Q2 & H1FY17 Earnings

Conference Call
December 1, 2016

Moderator: Good Day, Ladies and Gentlemen and Welcome to the Q2 & H1FY17 Earnings Conference Call of Punj Lloyd Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Gavin Desa of CDR India. Thank you and over to you, sir.

Gavin Desa: Thank you and Good Day Everyone and Welcome to Punj Lloyd Limited's Q2 & H1FY17 Earnings Conference Call.

We have with us today, Mr. Atul Punj – the Chairman of Punj Lloyd Limited along with other members of the senior management team.

I trust you have had a chance to go through the 'Investor Communication' and 'Results.'

Before we begin, I would like to mention that some statements made during this call maybe forward-looking in nature. A disclaimer to this effect has been sent along with the conference call invitation.

I would now request Mr. Punj to share any opening remarks and his perspective, after which we may enter Q&A Session.

Atul Punj: Good Day. Welcome, Everybody. Firstly, I think you have seen all the results so we can get to the details later, but on a macro level, I think we have had a lot of structural changes that the government has put in place now to make the sector a better place to be in. Also, we are now coming out of the lean season which is summer and monsoon where the productivity and the revenues are typically at the low end compared to the H2. So I think we should start seeing a significant uptick now because the order backlog being strong, the funds generally are available, all the guarantees, etc., are in position. So we are now in a position to start moving on the ground.

So, with that I will leave it to the Q&A where once again welcome everybody on the call.

Moderator: Thank you very much. We will now begin with the Question-and-Answer Session. The first question is from the line of Nirav Shah from GeeCee Investments. Please go ahead.

Nirav Shah: Sir, firstly, on the arbitration ruling front, so what is your view on that and can it benefit a company like us and if yes, what is the kind of prospects where arbitration has already been in our favor where we can receive at least up to 75% upfront by giving BG?

Atul Punj: We have a series of arbitration that are in progress right now. We do not have any clear cut awards apart from one project where we do not have an arbitration award but we have Delhi high court ruling, so that is from Petronet MHB where we are attempting to get our monies back. Other than that we have a series of arbitrations, the largest of course being the Heera project which we are now migrating to the new act as per the directives that was issued by the cabinet and is now in force to all the PSUs. So we expect within 12-months from December we should have a conclusion. But that call we shall be able to get some more visibility on I think in the next couple of days.

Nirav Shah: So you plan to migrate that particular arbitration to, as per the new act?

Atul Punj: We will migrate all the existing arbitrations to the new act.

Nirav Shah: How much can Heera project release in terms of even if it goes in our favor for the 75% assuming, what is the kind of claim that we are asking for right now?

Atul Punj: The claim is now approximately Rs.2,000 crore and the earlier Outside Expert Committee established by the ONGC had awarded us approximately Rs.1,200 crore and that was against a claim of Rs.1,500 crore, after that we were able to put some supplemental claims in that raising the value. So we hope that the similar thought process that was followed by the ONGC which should be generally in that ballpark. "So what finally comes at least in the minds of the arbitrators?" I cannot second guess them.

Nirav Shah: What were the order inflows for this year-to-date that we have got?

Rahul Maheshwari: Order inflow in the last six months, We have been very particular in bidding, so we have one offshore project of around Rs.200 crore and there are a couple of bids where we are hopeful, and opening in Q3. We are also hopeful of getting some new projects primarily overseas.

Atul Punj: We have about Rs.13,000 crores of projects where the results are pending. I would think they will all get declared over the next one month, six weeks.

Nirav Shah: As of September sir, what will be the mobilization advance that we have already got for the order book?

Rahul Maheshwari: It depends, some of the mobilization advances already has been adjusted against the invoices. So as of now it is around Rs.2,000 crore that is still lying there to be adjusted over a period of the execution of the project.

Nirav Shah: On the order inflow prospects over the next 12-months, where you feel more positive -- on the international front or on the domestic front and which segment in particular, because if oil prices stay the way they are, your Pipeline segment can see some traction?

Atul Punj: I think it is a double-edged sword, with oil prices being down internationally, the Oil & Gas projects in the Middle East are generally depressed. Having said that, the prices of gas having dropped so low, the prospect of distribution pipeline for gas in India, has become very high as gas has become highly affordable. So I think there is a combination going on in depressed international environment but increasingly robust domestic environment. So there are a few projects already that we have bid in the gas pipeline space, as I said that is part of the Rs.13,000 crore worth of bids that have gone in, we are waiting for the decisions.

Nirav Shah: Which segment would be the highest contributor to this Rs.13,000 crores of bidding?

Atul Punj: Right now Oil & Gas and Infrastructure is about 50:50.

Moderator: Thank you. The next question is from the line of Jinesh Sheth from Arete Services. Please go ahead.

Jinesh Sheth: Just to understand our claims a bit better; you mentioned that there is one claim that has been awarded. So how much of quantum is that?

Rahul Maheshwari: Rs.32 crore.

Jinesh Sheth: Rest all is pending litigation?

Atul Punj: Rest all is litigation, I think the overall value if I may guesstimate would probably be in the region of about Rs.4,500 crore.

Jinesh Sheth: How much of it is international and domestic?

Atul Punj: Primarily this is domestic, international would be outside this - we have one arbitration in Qatar where hearings are over and the award is expected by December, it was supposed to come by September, the ICC arbitrators asked for a 3-month extension on the award, our claim is about $50 million what we get we do not know. So that is the primary international arbitration.

Jinesh Sheth: Out of this Rs.4,500 crore, around Rs.2,000 crore would be Heera as you mentioned?

Atul Punj: Yes.

Jinesh Sheth: For the rest Rs.2,500 crore, what sort of timeline do we have? Everything would come under the new arbitration act. So by next year, how much are we expecting?

Atul Punj: I would like to get as close to Rs.4,000 crore as possible, but I do not know if you look based on some kind of historical data would probably tell you we should get about Rs.2,500 crore approximately as a reasonable guesstimate this is purely speculation, this is not something I can stand behind because it is a matter in arbitration. So I cannot speak for the arbitrator, but my expectation as management would be about that level.

Jinesh Sheth: But sir, whatever be the amount, we must be rest assured that we are getting that within 12-months, right?

Atul Punj: I think the visibility on that is now near 100% with the new directives that the government has issued.

Jinesh Sheth: Sir, is there any update on the debt restructuring plan?

Atul Punj: That is in process as we speak and SBICAP is leading that particular effort. We are as a sector requesting the RBI and the government to engineer a few more tweaks in their policy to make it fit for the construction sector. Right now the S4A and all the other schemes are really created for other sectors and our sector is having its own nuances, it does not quite fit. So hopefully in the next 2-3-weeks that should also be taken care of and it will become much more reasonable and doable for the entire sector, not just for us.

Jinesh Sheth: Just to understand this better, we do not fit into the S4A structure. So are we in talks of a similar structure which fits into our kind of industry?

Atul Punj: That is exactly what I said; we have requested the RBI for tweaking some of the conditions to make it acceptable for our industry and based on that it will become much more doable for the entire construction sector.

Jinesh Sheth: My next question is on the judicial administration of our Singapore-based subsidiary. If you can share some update on the same?

Atul Punj: We have given our proposal to the judicial manager as one other prospective bidder. We believe that our proposal is far superior to the other bids that is on the table.

Rahul Maheshwari: Next hearing is due on 8th of December, when judicial commission will hear and we are hopeful that the final outcome will come sometime mid or end of January.

Jinesh Sheth: If you can touch upon the possible outcome?

Atul Punj: Not at this stage.

Jinesh Sheth: When do we see the debt coming down and by how much, if you can share some thought on it?

Atul Punj: We are all trying to collect our old outstandings which is a significant portion coupled with getting our arbitration resolved. So I would think within the next 12-months we should start seeing a significant drop in the debt levels. Now, at what stage? How much it comes down? It is not predictable. It also depends on new order inflows, what is the quality of those orders, the surpluses that can be thrown out from those. At least now the structural changes that were required have pretty much been done barring the one RBI dilution that we are requesting. If that happens then I think clearly within the next 6-9-months we should be in a very different place.

Jinesh Sheth: We have been monetizing few assets. So any sort of target over the next two years that this much we would be able to monetize the results will go directly in cutting down our debt?

Atul Punj: We have pretty much monetized all the non-core assets barring I think these two assets – one is equity investment we had in Air Works, and the other is barges; barges unfortunately is a function of market. When we had a price, we were not able to get the NOCs, when we got the NOCs, market price vanished. So these are the only two assets or investments that we have, otherwise we pretty much diluted almost every non-core investment to pair down our debt.

Jinesh Sheth: How much can Air Works fetch?

Rahul Maheshwari: As per the latest projections and fair valuations, our portion which is around 23% comes to around Rs.100 crore.

Jinesh Sheth: If you can share some more thoughts about our order book growth and what sort of margin can we expect going forward? Would we likely be benefited with the recent OPEC decision of cutting down output?

Atul Punj: Starting with your last question first, I think oil prices are expected to move to around $60 number. “Is it the number that is going to start seeing major projects being announced in the Middle East? The answer is no. I think those countries are consolidating themselves, politically there is a lot of question mark in the region. So I do not believe that it is going to impact any oil & gas opportunities. On the India side, clearly, the highway is the leader in terms of the quantum of work. What has been happening in the Highway sector of course is that there has been a lot of people entering the sector and quoting very low prices which is why our strategy has been not to just book business but to wait for the quality and the prices to move up because our backlog is strong, our executable order backlog is running close to about almost Rs. 13,600 crore. So we are comfortable in terms of backlog. So we do not want to start dropping prices just to build our order backlog. I believe that over the next few months, the price levels will start moving northward as people start running out of capacity. So what the margins end up being, is not a generic answer, it is a very project-specific or location-specific answer. That we cannot get into detail, we are happy to take that up separately.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Could you give the idea about the order book backlog on the consolidated level as on 30th September?

Atul Punj: Rs.20,400 crore is the total order backlog level, I take out that approximately Rs. 6800-odd crore which is Libya which is inactive. So our effective order backlog I would put it down to being right now about Rs.13,600 crore. Though we are now getting feelers from the standard projects to restart work, but it is too premature to bring it into effective order backlog.

Saket Kapoor: What should be the executable timeline?

Atul Punj: Typically 24-to-36-months.

Saket Kapoor: If we take a ballpark idea of about FY18, what kind of revenue are we looking to book going forward?

Atul Punj: That is too forward-looking for me to comment but I think I could safely say that we will see a significant uptick.

Saket Kapoor: If you could give any comparative figure from ’15, ’16 and ’17 how will be the graph look like?

Rahul Maheshwari: It would be very difficult to comment anything, it is being a restriction from SEBI and other authorities, and we cannot even tell you any ballpark number. In ’16 it was at a standalone level it was Rs.3,500 crore and at a consol level it was Rs.4,400 crore.

Saket Kapoor: What should be the blended margins when we have bid the orders for Rs.13,000 crore?

Rahul Maheshwari: We generally bid for around 8-10%, that depends on various bids of the projects and the competition involved.

Saket Kapoor: What has been the cost of funding that we have booked for that?

Rahul Maheshwari: It is around 10-11%.

Saket Kapoor: Then how profitable are we when we are booking our orders in 8-10% blended margins and 11-12% is the cost of funding?

Rahul Maheshwari: It depends, like the cost of funding is not all across the projects, it depends on the requirement of the projects, it is spread over the period, generally funded 20% to 30% through mobilization advance from the customer and we take around 10% to 20% from the bank of the total project,,not on the total value of the projects.

Saket Kapoor: How much should be the net margin… what have we projected for?

Rahul Maheshwari: Including after corporate and everything, we believe 6-7% we will earn in most of the projects.

Saket Kapoor: 6-7% after paying interest?

Rahul Maheshwari: Yes.

Saket Kapoor: That we would be seeing going forward for the next year, not for FY17?

Rahul Maheshwari: Yes, that is our wish list, minimum 6-7%.

Saket Kapoor: Because this year we are booking margins of only 2% what we have seen from the presentation?

Rahul Maheshwari: That is EBITDA level and this includes some legacy projects also and going forward if you have gone through closely Punj Lloyd for almost like 6-months or 9-months, we are bidding very carefully and sensitively, we are not there to just increase our order backlog, wherever we are bidding, we are cautious enough to have a reasonable margin to cover our EBITDA and interest cost.

Saket Kapoor: How soon will this legacy factor go away completely?

Rahul Maheshwari: By end of this financial year.

Saket Kapoor: So you are telling that by March '17 we will be out and done with the legacy part, in the next year there would be no impact of any previous orders playing spoil with our numbers?

Rahul Maheshwari: Hopefully yes.

Saket Kapoor: We will be done with everything? We do not get something out of the blue from the new orders and all?

Atul Punj: Just to give a clarification on the legacy orders which have been a problem, all those legacy orders are also in arbitration, so we hope to be able to recover some of the losses on those through the arbitration process.

Saket Kapoor: Now, you seem to be confident enough things would be much better than what they are today. Have you met sets of investors who are interested in stories like Punj Lloyd and is it a good time for them to get PE investment or other players to participate getting equity into the company because if you are confident of giving better numbers down the line for coming two years at least, what the order book position is and what the arbitration clauses are being in favor in companies like you, are you looking up for equity investment because it is only that money that can drive company out of the sorry state of affairs which we are today?

Atul Punj: Not wholly correct, I think there are a few other developments are happening over the next 60-days which could materially improve the situation of the company. We will take that call after the next 60-days after some of these events go one way or the other. Hopefully right now they are all looking positive.

Saket Kapoor: Is the event related to the arbitration part?

Atul Punj: There are various connections from prior projects and various developments happening.

Saket Kapoor: That will have a substantial impact on the financials?

Atul Punj: I cannot get into any more detail, I think I have already said a bit more than I should.

Moderator: Thank you. The next question is from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.

Sachin Kasera: In the previous conference call, you had indicated by most likely the December quarter the EBITDA margin should see a significant improvement. In one of the previous queries you mentioned that now that looks more likely by Q4. So is there some delay in the way you are expecting margins to improve maybe that is pushed by 3-4-months?

Atul Punj: Basically in our business when we picked up a lot of work in the road sector in the early part of this year, and most of that work was pre-summer and pre-monsoon. So the mobilization really took place during the summer period and now that the monsoon is finally gone, our working season really starts. So I think really October-March is where we get maximum revenues on the Infrastructure side. So that is now going to play out. So you will see a definite change upwards in terms of our revenue booking going forward and all the consequent numbers will positively get impacted.

Sachin Kasera: Is it fair to assume that your margins in Q3 will be better than Q2 and Q4 will be better than Q3 and Q4 revenue are indicating to be getting more closer to a double-digit margin?

Atul Punj: Yes should be. The only challenge that we have which we are pushing the restructuring is because right now we are working for the banks, so we are trying to push some kind of the leniency on their side in trying to get a package. If that happens, then I think we are in a very good place.

Sachin Kasera: Secondly, you mentioned that the current numbers are little subdued because of some of the legacy projects. Can you just give us some indications of what is the extent to which the current EBITDA is being impacted due to some of the legacy projects where margins are much lower?

Rahul Maheshwari: We have not carried out a detailed analysis but broadly if we take out legacy projects then our margin at EBITDA level would be around 8-8.5%.

Sachin Kasera: Today, what would be the contribution from those legacy projects in the first half as far as revenue is concerned?

Rahul Maheshwari: There is not much contribution at the EBITDA level, it is a negative contribution; top line also not much; it is around Rs.50-60 crore.

Sachin Kasera: You had indicated that there could be a significant order inflow in the transportation sector in FY'17. So if you could just update us on that?

Atul Punj: We actually have about close to Rs.13,000 crore worth of bids out, for which the results are awaited, so let us see how much could we get. As I said this is not something in our control, but we are expecting to get some substantial orders.

Sachin Kasera: What has been the order inflow from transportation in the first half sir?

Atul Punj: First half has been very weak that we have enough order backlog available in the company for our revenues and we found that people were quoting particularly very aggressive pricing. So we were not interested in bloating up our order backlog for the sake of bloating it up. We have now business in hand, we are now waiting for prices to move and that is what is now beginning to happen. So we are hoping that we should get better realization in terms of margin.

Sachin Kasera: So for this current Rs.13,000 crore that we have bid, you are hoping that competition will be more sincere and the margins will be better?

Atul Punj: Yes, we have also segmented the type of work that we are bidding on now, we are not bidding for everything and anything.

Moderator: Thank you. The next question is from the line of Udit Malhotra, he is an individual investor. Please go ahead.

Udit Malhotra: On the Defense segment, there was some news around the Rs.400 crore order where I never heard that there was any declaration made. So can you update us on that? Any other orders that we might get in future or we have in pipeline?

Atul Punj: I think we just leave that right now, it is imminent, there is no reason for any hold back on that, it is just a process of the Ministry of Defence that we are waiting on, but everything is on track. We also incidentally have been now shortlisted for the Container Scanner contract for the home ministry which is right now about 5 Scanners and we expect to get that order shortly

Udit Malhotra: So on this Scanner order, what is the amount like and is Punj Lloyd the only finalized company?

Atul Punj: On the Container side, we have competed with two other companies including Rapiscan, and we have been shortlisted as per a declaration on the Home Ministry website

Rahul Maheshwari: Technically it has been cleared now.

Atul Punj: We are just waiting for the process to be completed.

Udit Malhotra: Sir, again, can you confirm the amount as well?

Atul Punj: Including maintenance it is Rs.200 crore, base rate is Rs.165 crore.

Udit Malhotra: Regarding the ONGC arbitration, when can we expect the amount because that arbitration was already like Rs.1,100 crore is from what I remember?

Atul Punj: That earlier arbitration was under the old and had no timeline guarantees. So we are now migrating to the new act which is a 12-month limitation. So we expect that now definitely under all circumstances, let us say 13-monhts from now we should have decisions.

Udit Malhotra: Maybe I am incorrect on this, but as per the government order, the arbitration which have been finalized they should be awarded immediately, right, like 75% of that amount?

Atul Punj: This was not finalized, we had got a award from the outside experts committee under the ordinary dispute resolution mechanism of ONGC which ONGC board rejected which is why we went back into arbitration because the outside expert committee unfortunately had no judicial team, so it could not be enforced. So we are now back into arbitration which is why we were able to impress on the government that definite changes were required in the arbitration act.

Udit Malhotra: What is the amount now?

Atul Punj: The amount is Rs.2,000 crore.

Moderator: Thank you. The next question is from the line of Shreyas Bhukhanwala from Sushil Finance. Please go ahead.

Shreyas Bhukhanwala:Sir, while we say the contribution of the legacy contract was around Rs.50-60 crore in the first half, so that was of around Rs.2,000 crore, still sir our margins were quite low at around 2-3%. So just wanted to understand that mismatch?

Rahul Maheshwari: That is what we have told that legacy projects have not contributed to the top line but contributed to the bottom line and what Mr. Punj has told that we are into lots of litigation on the legacy projects which we, with the new enactment are hopeful of getting some good cash inflows from those legacy projects going forward. Accounting has been carried out on a conservative basis. So no income has been accounted for till the final award is awarded to the company.

Shreyas Bhukhanwala: If I take the order book excluding Libya at around Rs.13,600 crore, then what would be the legacy contract portion of that order book?

Rahul Maheshwari: Legacy projects are not considered in the order backlog, these are all new won in the last couple of years and to be executed in the next 3-4-years.

Moderator: Thank you. The next question is a follow up from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.

Sachin Kasera: Internally, have you put any targets in terms of say in the next 3-4-years, what is the amount of debt that you want to bring down from the current Rs.8,500 crore?

Atul Punj: Debt is reality in our business because of the payment terms on projects. The challenge really has been on collecting our disputed receivables from our clients.

So the equation gets off when you have projects, you have disputes with the government or the PSUs which are 90% of our client base and that money does not come for 7-8-years. So the disconnect really in terms of debt reduction is on that front. If you have been following what developments have been happening in the sector, the government has now made structural changes to ensure that dispute resolution is done in a timely manner by amending the arbitration act. Secondly, what they have also ruled is that all existing arbitrations, all the PSUs have to migrate to the new act if the other party so desires. So that is one major structural change that has been made. The last one which was an executive order that came out, that after the arbitration award, clients tend to also appeal those in the courts. So now what they have instructed all the PSUs is that when they lose an arbitration award, 75% of that money should be released to the other party against a zero margin bank guarantee. So that is also in place now. So the good thing is that at least going forward with all the PSUs there is now going to be relatively quick resolution and 75% of the awarded amount will appear in terms of liquidity, thus reducing the debt level in all construction companies. So the sector itself has gone through a structural change which frankly is pretty dramatic and I think would actually make the sector a very-very good place to be in now.

Sachin Kasera: So sir other than ONGC do you have any other large amounts which are stuck up in terms of litigation or in terms of cost overruns that you have?

Atul Punj: As we said already, total amount that is under litigation is close to about Rs.4,500 crore in India.

Sachin Kasera: So if we really win most of the cases, then there can be a significant reduction in the debt levels in the next 3-years?

Atul Punj: Yes, that coupled with some other outstandings from some of our overseas clients which will also be resolved in the next 2-3-months, there will be a significant advantage in that space.

Sachin Kasera: How much would be the overseas outstanding amount?

Atul Punj: About Rs.2,000 crore.

Sachin Kasera: Your presentation mentions that there is one subsidiary which you are looking to liquidate and realize some money, I believe that you are referring to the solar power plant, how much can that release in terms of liquidity for us if we are able to divest that?

Rahul Maheshwari: Just over Rs.100 crore.

Sachin Kasera: Rs.100 crore from that and Rs.100 crore from the Air Works, Rs.200 crore is what we could receive?

Atul Punj: Air Works is something that we are not in a position to give a timeline on, but that is the value of our investment, but the solar subsidiary of course like all the subsidiaries we have liquidated our interest.

Sachin Kasera: Coming back to the business, as of now, can we say that a large focus as far as India is concerned is on transportation segment, maybe the road sector?

Atul Punj: Correct.

Sachin Kasera: Any other segment that you are actively looking at other than these, that is what will be the focus for the next two-three years?

Atul Punj: Pipelines is getting quite active now and also the refinery sector now there is a lot of the movement to the Euro-VI upgrades, so there is a significant amount of work that is expected to happen over there. So overall there is a fair amount of activity happening.

Sachin Kasera: On the pipeline and this fuel upgrade, we have started to see good activity, in the sense could we look at bidding something in the second half or bidding is still sometime away?

Atul Punj: Bidding activity is now beginning to start, so it is ongoing.

Moderator: Thank you. The next question is a follow up from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: In the Road Construction part, what is our order book and L1 status?

Atul Punj: L1, we do not know because bids have been submitted but they have not been opened in public.

Rahul Maheshwari: Infrastructure order backlog is around Rs.10,000 crore, bids in process is about Rs.8,000 crore.

Saket Kapoor: What is the likelihood of closing this L1?

Atul Punj: They will be closed within December.

Saket Kapoor: B&I segment is the road segment in your order backlog?

Atul Punj: Correct.

Saket Kapoor: Libya part is being tabled in the pipeline and tankages segment?

Atul Punj: It is a combination of Infrastructure and pipeline.

Saket Kapoor: Libya part is Rs.6800 crore?

Rahul Maheshwari: If you exclude from B&I, it will be around Rs.3,700 crore.

Saket Kapoor: Libya is also clubbed in the B&I segment?

Rahul Maheshwari: Yes.

Saket Kapoor: Coming to the Pipeline segment part, government has initiated steps to connect far east, Northeast region connecting Bihar belt and the other refineries also within. Have you seen the things moving on the ground on account of that part or are things are on paper only?

Atul Punj: Things are moving, but there is a soft side which is ensuring the feasibility, the surveys all that stuff takes time. So you cannot just prepare a bid overnight.

Saket Kapoor: We will have keen interest in that segment?

Atul Punj: Most definitely.

Saket Kapoor: The margins are better in this segment sir or same as we have quoted for 8-10%?

Atul Punj: I think blended margins keep at same level for calculation purposes.

Moderator: Thank you. The next question is a follow up from the line of Sachin Kasera from Lucky Investment Managers. Please go ahead.

Sachin Kasera: Going by the type of outlook that you have given and most likely of a very big turnaround, do you not think it would make some sense if the promoter show some confidence by increasing its stake in the Company, that will give investors lot of confidence that the promoters are fairly confident on the turnaround of the company especially the fact that our holding is today around 37%, it is not very-very high?

Atul Punj: To be quite frank with you, if you look at us, we are very different from other promoters. To explain what I mean, as far as Punj Lloyd is concerned, every investment that was made in Punj Lloyd, there was nothing taken out of the company, there was no equity sold to generate a large asset base privately or personally, everything that we have is in this company. So promoters have to have funds to be able to prop up investments. So in this particular case it is pretty clear that everything that we invested which we liquidated to reduce our debt, was done within Punj Lloyd itself. So if we had the ability? Definitely, but we have run a very transparent operation, we have not diverted funds into any other thing that we can liquidate to start bringing in personally now and we pride ourselves on that. So hopefully now in terms of showing confidence in the company is putting in 14-hour a day into making sure this thing happen and happen quickly.

Sachin Kasera: So what you mean to say is that if the promoter had the financial strain, you would definitely look in terms of increasing your stake in the market?

Atul Punj: Absolutely.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Atul Punj: Thank you everybody for having been on the call. We hope to see you again in a couple of months time and if there is any other significant event that happens, we might even see you earlier.

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