Punj Lloyd Limited

Investor/Analyst Conference Call Transcript
February 14, 2012

Moderator: Ladies and Gentlemen. Good day and Welcome to the Punj Lloyd Q3 and 9 months FY12 financial results conference call. As a reminder for the duration of this conference, all participants' will be in the listen-only mode. And there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Ms Sameera Kedar from CDR India. Thank you and over to you madam.

Sameera Kedar: Welcome everybody to Punj Lloyd's Q3 and 9 months FY12 Earnings conference call. Before we begin I would like to mention that some statements made during this call may be forward looking in nature and a disclaimer to this effect has been sent to you with the conference call invitation. Also I would like to emphasize that while this call is open to invitees it may not be broadcasted or reproduced in any form or manner. I would now like to hand over to Mr. Anil Jain, Executive Vice President - Investor Relations of Punj Lloyd. Over to you Mr. Jain.

Anil Jain: Good afternoon everybody. On behalf of Punj Lloyd I would like to welcome you all to the third quarter earning conference call. Joining us today on the call are members of senior management team mainly Mr. Atul Punj – Chairman; Mr. Luv Chhabra – Director, (Corporate Affairs); Mr. Shivendra Kumar – President & CEO (Energy – South Asia); Mr. Pradip Tandon - President & CEO – Building & Infrastructure (Middle East & Africa); Mr. Sanjay Goel – CEO – PL Engineering; Mr. V.P. Sharma – President (Offshore); Mr. Atul Jain – President & Joint CEO (Middle East, Africa & CIS) & Mr. Raju Kaul – Group CFO. I trust you have all received the Investor communiqué and results.

Just to recap on the company's financial for Q3 FY12, consolidated revenue stood at ₹3021 cr, up 40% YOY. EBITDA at ₹334 cr, up 144% YOY and PAT amounted to ₹75 cr. I would like to briefly draw your attention to the other income and other expenditure line items in the consolidate financials. Other income also includes an amount of ₹183 cr consequent to the deconsolidation of Simon Carves from the group and hence a one-time income. We have also written off work in progress of ₹36 cr on account of our Libyan project as well as ₹100 cr which relates to receivables of group companies. Both these expenditure items are also one-time in nature. Our EBITDA needs to be looked at keeping these aspects in mind. During the quarter Punj Lloyd bagged significant orders which have further diversified our portfolio. Our order backlog as on date stands at ₹28,270 cr. The overall environment in India too is gradually improving and we remain quite optimistic that with our proven capabilities, skilled personnel, strong executions and robust order book we are well positioned to leverage the opportunities going forward. We would now like to begin with the Q&A session.

Moderator: We have the first question from the line of Rajesh Agarwal from Moneyore.

Riyaz: Out of ₹319 cr of the other income ₹183 cr came from Simon Carves; what are the other sources for other income?

Raju Kaul: Yes the other income includes ₹183 cr arising out of Simon Carves deconsolidation. Further, we have dividend income of around ₹12 cr, interest income of around of ₹7 cr and the balance by way of Forex gain, partly realized and partly unrealized.

Riyaz: So what is the Forex gain amount?

Raju Kaul: That is close to around ₹117 cr.

Riyaz: If we have to look at EBITDA in the correct perspective; as quoted EBITDA is 11% of sales, but if we exclude the other income portion which is the core operating income, it is merely ₹15 cr. So how do we understand the core operating profit going forward from the business?

Raju Kaul: We are operating in 21 geographies. So our company is truly an Indian multinational. For any multinational company, the Forex gain or loss is construed to be part of the operating income only. Till 31st of March 2011, this was not treated as other income in our P&L. There was change of partner in the audit firm and hence a difference of opinion. The new partner who came in somehow felt that Forex gain or loss should be shown as a separate line item. So it's a difference of opinion on presentation of Forex gain/loss. As far as we are concerned, any Forex gain or loss is very much part of our operating income in view of our diversified geographical operation. So we do not agree that we should exclude Forex gain for working of EBITDA.

Riyaz: No-no **i**ts okay sir. If we exclude the one off items, we have an EBITDA of ₹187 cr. So is it the correct way of looking at EBITDA?

Raju Kaul: No there are some one time write offs also on account of this deconsolidation which are appearing in the other expenditure which is above the line.

Riyaz: Okay. What would that amount be?

Raju Kaul: That is around ₹99 cr.

Riyaz: Almost ₹100 cr. Over and above we have got ₹36 cr from Libya?

Raju Kaul: That's right.

Luv Chhabra: I think the net impact on account of Simon Carve, if you take items both above and below the line; is not ₹183 cr, but figure close to about ₹80 cr.

Riyaz: So net effect of Simon Carves would be around ₹80 cr?

Luv Chhabra: In the region of ₹80 to 90 cr.

Riyaz: We have not netted off this amount, but ₹183 cr is in other income and ₹100 cr is in other expenditure.

Raju Kaul: Net off from Libya write off is also there. Thus the total impact has come down to ₹50 cr to ₹56 cr.

Riyaz: So EBITDA should be around 8% to 9% of the revenue we have generated?

Raju Kaul: That's right. around 9%.

Riyaz: Okay and do we hope to attain the same kind of level throughout FY12 and first few quarters of FY13 as well?

Luv Chhabra: We hope to improve it going forward.

Riyaz: As far as Libya is concerned, we have observed that the previous and current auditor's qualifications amount are different. As per last September quarter, the assets of Libya at group level were at ₹1,316 cr and as per current quarter, it is around ₹599 cr. So how do we reconcile them?

Raju Kaul: We have three business verticals, Oil & Gas, Civil & Infra and onshore drilling, which is in one of subsidiary, Punj Lloyd Upstream Ltd. So based on the developments the auditors were comfortable removing qualification of the civil part and of the subsidiary part. For all assets pertaining to these two divisions, the amount has been removed by auditors out of the qualification. Therefore, the remaining ₹599 cr is finally pertaining to oil and gas vertical only. There has been joint inspection by our team and clients teams. Going forward, we expect that this qualification would also be removed.

Riyaz: Ok Sir. Then, what is the nature of ₹599 core.

Raju Kaul: We have mix of fixed assets, inventories, debtors and some advances as well.

Riyaz: The oil order that you are executing in Libya, it had some amount of unbilled WIP that we were not able to bill because of certain outbreak of political unrest in Libya. And it had only ₹11 cr of outstanding work left. Have we been able to bill that the same along with the other debtors?

Raju Kaul: Not yet. The work will resume now. So once the work start, then only we will be in a position to bill it.

Riyaz: What will be that unbilled WIP figure?

Raju Kaul: I don’t have it right now with me.

Riyaz: What is the expected value of claim that we are likely to file with Libya for the demobilization and damages?

Raju Kaul: It’s too early to comment on that.

Riyaz: Are we still in the evaluation phase? Whether Libya has confirmed it as the Force Majeure thing.

Luv Chhabra: That's right. On the civil portion, we have an official communication wherein they have accepted that it’s a Force majeure situation.

Riyaz: Any estimate would be possible right now?

Luv Chhabra: There is no point giving a number which is not an accurate number.

Riyaz: What was the Capex for Q3FY12?

Anil Jain: It is in the range of ₹200 cr.

Riyaz: In total how much Capex are we expecting in FY12? As per my calculations it should be around ₹400 cr as of today.

Atul Punj: Our Capex is not based on any predictions at the beginning of the year. It is linked on the orders won. So if we win an order which requires us to incur Capex that is when we actually convert it into a definitive number. So till the time a project is won, we don’t go on to fund Capex.

Riyaz: As of third quarter, in first three quarters of FY'12, how much have we spent on CapEx?

Raju Kaul: Its approximately ₹440 cr**.**

Riyaz: Any comment on the ONGC case?

Luv Chhabra: The only comment we have is that after mutual discussions with the client and based on the changes that have happened in our client’s organization, we have decided to adjourn our Arbitration proceedings and go through an Outside Experts Committee for Dispute resolution. As a consequence of this we now see that payment for some of our pending bills have commenced which has been reflected in the qualification amount coming down. That's the only change, but as I said it’s only an adjournment. If we don’t have an amicable resolution through the experts committee, we always have the option of going back to arbitration. Things are moving in the right direction so we can hope that we will have an amicable resolution at some point of time.

Moderator: The next question is from the line of Pritesh Chheda from Emkay Global.

Pritesh Chheda: I just missed out on the exceptional items included in other expenditure. The two items which was there, they were ₹100 cr on account of Simon Carves and ₹36 cr on account of Libya or there are any other items?

Raju Kaul: We have written-off whatever expenditure we had incurred for Libya to our P&L.

Pritesh Chheda: So that's ₹36 cr?

Raju Kaul: Yes that's ₹36 cr.

Pritesh Chheda: And the ₹100 cr figures on Simon Carves is another head?

Raju Kaul: That is included in the other expenditure.

Pritesh Chheda: Yes. So the other expenditure includes these two items?

Raju Kaul: Other expenditure also includes ₹100 cr of write off by different group companies on account of Simon Carves deconsolidation.

Pritesh Chheda: And ₹36 cr of Libya?

Raju Kaul: That's right.

Pritesh Chheda: That's it, these are the two expenditure heads?

Raju Kaul: Yes

Pritesh Chheda: And in other income what you included is the Simon Carves divesture of ₹184 cr and the FX of ₹117 cr?

Raju Kaul: That's right. Plus some dividend income and interest income.

Pritesh Chheda: Just wanted to understand this reduction in the qualifications which you have put up in the presentation, if you could tell us more about these?

Raju Kaul: One reduction is on account of Heera wherein the work in progress and the debtors outstanding have been taken off from the qualification. So what remains is primarily ₹243 cr of billing to be certified by the client and ₹65 cr of LD**.**

Pritesh Chheda: So what is the amount of the work in progress and debtors.

Anil Jain: In the debtors it is around ₹21 cr and in unbilled WIP it is ₹158 cr

Pritesh Chheda: Whether ₹21 cr which was in debtor has been realized subsequently?

Raju Kaul: We have realized amount of $ 2.7+1.7 million totaling to $ 4.4 million.

Pritesh Chheda: And has ₹158 cr of unbilled WIP been billed?

Raju Kaul: That's happening**.** It will happen progressively.

Raju Kaul: Second is on account of Libya, wherein the current assets and fixed assets pertaining to the civil part and our subsidiary's fixed assets and outstanding have been removed by the auditors. So what essentially remain there is asset pertaining to oil and gas part.

Pritesh Chheda: So what has been removed?

Raju Kaul: That's around ₹700 cr, I mean, there was a qualification of around ₹1300 cr. Now this has come down to ₹600 cr. So ₹ 700 cr has been removed.

Pritesh Chheda: That was on account of ?

Raju Kaul: On account of civil contract and the drilling business which is done by one of subsidiary, Punj Lloyd Upstream.

Pritesh Chheda: I wanted to understand what the current working capital cycle is and its position right now? And if you could tell us what has been the cash inflow from operations for the nine month, both operating cash flow and the free cash flow for the company, if any.

Raju Kaul: In terms of working capital days compared to September it has come down from 207 to 184 days as of now. It has improved to 184 days.

Pritesh Chheda: Is this the net working capital cycle?

Raju Kaul: That's right,

Pritesh Chheda: If you could comment on the free cash flow and the operating cash flow from operations.

Anil Jain: These are not ready right now; we will let you know later.

Moderator: The next question is from Naveen Jain from JM Financial

Naveen Jain: I just wanted to understand the cash flow impact of ₹183 cr due to the deconsolidation of Simon Carves. Is it a negative net worth that is now basically revised in the consolidated accounts?

Raju Kaul: This was not negative net worth. All our branches and subsidiaries operate on a non-integral basis. So had it been an integral part of the business, then all the foreign translation impact would have been routed through P&L. But since it was non integral part this was the accumulated amount of foreign translation reserve which primarily pertains to our operations only. So on deconsolidation we have to write off and write back, which has been shown in the other income.

Naveen Jain: So it is basically like cash flow.

Luv Chhabra: There is no impact on Cashflow.

Naveen Jain: No impact will be there, just like a book entry kind of a thing?

Luv Chhabra: In terms of cash flow, all the losses have already been provided for.

Naveen Jain: Right. You mentioned that the Libyan qualification has reduced from about ₹1,300 cr which was there at the end of second quarter to about ₹599 cr and there were some advances also from customer to the tune of about ₹550 cr. Whether this advance has been included in ₹599 cr?

Anil Jain: This ₹550 cr of advances pertains to number of projects. There are three business verticals. Out of these three, two of them based on the development at ground level over there, the auditor has taken a view that it no longer stands on the test of qualification and they decided to remove it altogether. So accordingly all the assets and liabilities pertaining to onshore drilling and the civil portion of the business have been taken away from the qualification. Further, in Oil & Gas Vertical, there are assets pertaining to ₹599 cr which is again not a qualification. The auditors have expressed it to be as Emphasis of Matter, for information only. This has just been indicated as it carries now lesser degree of risk and probably as the development takes place, this will also go away.

Naveen Jain: What is the Capex you are planning over the next two quarters or three quarter, I guess you would have some visibility of that right now. I'm just asking in near term what Capex you are looking at.

Anil Jain: It is not possible to quantify. It depends also on the kind of bids than we win and the kind of projects that we operate on; on the current projects we don't have any major plans for assets built up.

Naveen Jain: How is the order book looking right now for us?

Luv Chhabra: We have about $6 billion of order back log which we have achieved because of our strategy of diversifying globally. So the fact that we are present in 21 countries helps us in insulating ourselves from economic shocks in any one or two countries. Right now on a conservative basis, we are seeing a fairly healthy Order backlog position. Going forward, I would qualify by saying that we live in highly uncertain times so it's really very hard to predict what the future holds.

Moderator: The next question is from the line of Srinivas Rao from HDFC.

Srinivas Rao: Which segments you are seeing improvement in terms of new orders and where you are seeing deterioration?

Atul Punj: I think clearly the Middle East. In some countries we are seeing a lot of opportunities particularly Saudi Arabia and Qatar where there is a buildup of social projects and now also in Abu Dhabi. Other than this, South East Asia is also showing good traction. India has a lot of opportunities but the competitive intensity is extremely high. We are not interested in picking up projects where we don't see ourselves being profitable. So we have been very selective about which projects we pick up in India. Lastly, the offshore segment is seeing a big uptick in terms of opportunity going forward and hopefully overall we should be able to maintain the growth that we have now restarted after the unfortunate events of Libya slowed us down. So we are seeing a gradual come back of good order backlog which in this environment is fairly robust at $6 billion. We hope to close next year about $8 billion or $9 billion. So God willing, we should be on track.

Srinivas Rao: And how is the outlook on the pipeline business, in terms of new orders?

Atul Punj: Pipeline business carries on. It has now become a relatively smaller portion of our overall order backlog. The big projects come once in a while, they are not happening all the time. There have been large number of projects announced in India but again the competitive intensity in India is pretty high. Overseas we are focusing quite aggressively where we are seeing enough opportunity.

Srinivas Rao: Are the margins better than the existing margin that you are earning, around 8% on the new projects that you are bidding for?

Atul Punj: We are hoping so. Unfortunately, our margin pressure has also been built up because of interest payments. So we are really right now focusing on managing our cash and reengineering our debt. That itself will have a significant impact on the bottom-line at the end of the day. So that's something, which you will hear about in the next two or three quarters.

Srinivas Rao: Can you share what is happening on reduction of interest rate and improving cash collections and reducing the debt?

Atul Punj: Yes we are focusing on the collection from debtors but unfortunately in the current environment in India, the whole public sector mood is not upbeat. So even where the payments are rightfully due, they are quite happy to unfortunately refer it to arbitration. So we are dealing with that on the Indian side, but recently we have been more selective about which type of clients we are working for. And there we are seeing those international clients where we don't have to go into large negative cash territory. The focus is on really increasing our exposure to those clients rather than just going for reactive business development while responding to tenders in India. So it will take a little bit more work, but I think it's much more remunerative.

Srinivas Rao: If I understand correctly there is a fair bit of inventory or WIP in your books as of last quarter. So is there any improvement in that in terms of increased billing?

Anil Jain: As far as the debtors are concerned despite increase in top-line, the debtors are still at the same level, which we can call definitely an improvement. The inventories are not seeing much of an improvement as of now.

Srinivas Rao: Is there any scope for reducing the interest cost from current level? If yes what are you doing?

Atul Punj: We have two to three initiatives that are running currently. I don't want to get into the details of those. But the objective of each one of those initiatives is to achieve exactly what you just said, predictability of interest rate and having a link more with countries where we are exposed.

Moderator: The next question is from the line of Sneha Rungta from Sharekhan Limited

Sneha Rungta: What has been the Forex gain in the first nine months?

Raju Kaul: Forex gain in the first nine months is approximately ₹180 cr.

Sneha Rungta: Is that for the nine months?

Atul Punj: Yes, till last year this was part and parcel of our operating numbers. The new Partner from the audit firm feels that they should be shown separately, though in our opinion it should be treated as part and parcel of our operations. So I think too much has been made of this separation of this Forex head. Actually till last year, it was never mentioned separately as a line item. So please keep that in perspective.

Sneha Rungta: In the last concall you mentioned that you would be trying to reduce our debt levels; so what steps are we planning in that direction?

Atul Punj: As I mentioned in the call before your question, we have three separate initiatives that are running for a reduction in the interest rate as well as the debt level. I don't want to get into the details of that, but I think in the next two to three quarters we will have some clear information on exactly which combination of routes we have followed.

Sneha Rungta: In case of Libya where our auditor qualification has been removed for Civil & Subsidiary projects, does that mean that going ahead as and when the execution resumes, these projects will be the first one to get a go-ahead as compared to oil and gas projects?

Atul Punj: We are hoping, but right now we have been asked to remobilize the only upstream side, which is a subsidiary of us. On the civil side we have been asked to quantify our claims under the force majeure circumstance. And on the oil and gas project again we have been asked to establish what the cost is. So there is movement of all the three different verticals. The two that are moving fastest is the Upstream Drilling and second is the civil side.

Sneha Rungta: Why is there no cash implication of ₹183 cr of other income from Simon Carves?

Luv Chhabra: Because all the cash implication which is as a consequence of losses, have already been provided for over the last few quarters. So this is a non-cash impact and the amount is not ₹183 core. As Raju explained there is ₹100 cr of expenses lying above the line. So the net impact is in the region of ₹80 cr – ₹85 cr.

Moderator: The next question is from the line of Devang Patel from Avendus Capital.

Devang Patel: I believe the Libya housing projects were highly profitable and we were net cash positive on these projects. Now that force majeure clause is implemented, do we have a choice to leave this project? Are we considering that?

Atul Punj: No we are considering revaluing and establishing our claims and going back and finishing these projects.

Luv Chhabra: They are not housing projects, they are infrastructure development projects.

Devang Patel: Do we have a choice to leave the projects if we make an assessment that it's not as profitable as before?

Atul Punj: Technically, yes.

Moderator: The next question is from the line of Nimisha Agarwal from Crisil.

Nimisha Agarwal: I just want to know the order inflow in Q3.

Anil Jain: It will be close to ₹4,300 cr.

Nimisha Agarwal: And the order book position?

Anil Jain: Order backlog stands at about ₹28,270 cr.

Luv Chhabra: But your question is on order book or order backlog?

Nimisha Agarwal: I want to know the order book position.

Luv Chhabra: So the order book is much larger than that. The order backlog is the value of orders in hand which are yet to be executed.

Moderator: The next question is from the line of Parikshit Khandpal from Karvy Stock Broking.

Parikshit Khandpal: On Simon Carves front, since you have deconsolidated now, how do we proceed on the cost-overrun which were there in the ENSUS project and other liability which was on the company? Has the plant stabilized now at the optimal level of utilization?

Luv Chhabra: The Company is in Administration. Now, it has nothing to do with the Punj Lloyd Group any further. We have provided all the losses as a consequence of cost overrun. The company is now with the Administrator. So we have no responsibility towards the company any further.

Parikshit Khandpal: What is the update on ENSUS UK in terms of arbitration you filed to recover our claims?

Luv Chhabra: No, there is no further update on that. The company is now in the hands of the Administrator. I would again repeat that Punj Lloyd Group has nothing to do with that portion of the business now.

Parikshit Khandpal: Iraq we had bid for some projects and we were short listed and I think that $1 billion contract went to Samsung. And you were in the top five companies which were shortlisted. So going forward what could be your strategy in Iraq?

Atul Punj: We will continue to bid in Iraq, It's not that we win every project that we bid for or even in any other geography where we are present. So we have continuous bidding activity happening in Iraq as and when we win some projects (because there is expected to be a lot of business there), we shall let you know. We are quite hopeful of that country as a market for us.

Parikshit Khandpal: Will it be a lesser competitive market than other Middle East markets?

Atul Punj: We are hoping that it would be less competitive.

Parikshit Khandpal: Are there any assets remaining with Simon Carves which could be liquidated and then we can recover some money from?

Luv Chhabra: No, there are not further assets remaining. It was an engineering company which went on to become an EPC company. The engineering portion of that business has now been taken over by PL Engineering. So all the IP, the engineering know-how etc. of the engineering business has moved as a subsidiary of PL Engineering and it's called Simon Carves Engineering Ltd. and it is a profitable business.

Parikshit Khandpal: Any further customer claims which would have not materialized till now on Simon Carves?

Luv Chhabra: No, this would not be the case now, because the company is now with the Administrator. Administration is a process that needs to be gone through over the next eight or nine months. During this period we will get to see if anything adverse happens.

Moderator: The next question is from the line of Rahul Agarwal from VEC Investment.

Rahul Agarwal: Is there any one-off item in the contractor charges of ₹1,000 cr this quarter?

Raju Kaul: No there are no one-off items.

Rahul Agarwal: So is there any specific reason for those charges to increase as percentages?

Raju Kaul: If you look at it on a nine monthly basis compared to the corresponding figure last year, they have come down from the top-line. It was 31% last year as a percentage of the top-line. It has come down to 30%.

Rahul Agarwal: Is there a one-off in this quarter?

Raju Kaul: No, there is no one-off.

Rahul Agarwal: Our other income is ₹319 cr out of which ₹183 cr is from Simon Carves deconsolidation. So balance is ₹136 cr out of which dividend income is ₹12 cr and the balance is Forex gain, is that right?

Raju Kaul: There is an interest income also of around ₹7 cr.

Rahul Agarwal: And the balance is Forex gain?

Raju Kaul: That's right.

Moderator: The next question is a follow up from the line of follow-up Rajesh Agarwal from Moneyore.

Rajesh Agarwal: Will there be an effect on our consolidated figures in Q4 FY12 if we see a depreciation of dollar to 48, 49 levels after calendar year 2012?

Anil Jain: How can we predict Q4 exchange rate now?

Rajesh Agarwal: Suppose the dollar remains at say 48 level, compared to 52-53 that we had in the end of December, what will be the effect on consolidated numbers then? Hypothetically if you assume that it remains at 48-49 levels.

Raju Kaul: It is difficult to comment because there will be changes in the assets and the liabilities. So everything will be determined on the 31st March, 2012, figures. You cannot make a prediction on that.

Rajesh Agarwal: If those kinds of situations do arise, can we also incur Forex losses?

Raju Kaul: Yes. We are in operating 21 geographies so it could be either way, plus or minus.

Rajesh Agarwal: There has been a lot of activity relating to setting up of LNG terminals and activities in India; do we see that as a significant opportunity?

Atul Punj: LNG has significant opportunities everywhere in the world. As I said there is a lot of opportunity in India but the competitive intensity is equally acute. So which is why we concentrate on seeing which part of the world gives us a best return for our money. We are pursuing some LNG terminals, but I'm not going to get into details on an open call so all my competitor start running to the same place. But yes we are pursuing LNG as a clear opportunity.

Rajesh Agarwal: Even we expect gas trading to increase significantly across the globe especially this part of Asia. Would you please share a few comments on the prospects of PL Engineering and we foresee gaining weight from here?

Sanjay Goel: During the last year we have expanded PL Engineering service offerings to our clients. We started with engineering services in pipeline, refineries and petrochemicals, this year we added upstream engineering capabilities in Oil & Gas and nuclear power plant engineering capabilities. We signed up a joint venture with French company GECI, for doing engineering for the fast growing aerospace sector. In last two years we have acquired core capability in polysilicon which is a process plant for green energy; another very high growth sector. So last year we put huge effort to expanding our capabilities in different sectors so that the cyclicity of oil and gas sector doesn't impact future course of our growth. Our geographic reach has also improved. We were largely in South East Asia, India and Middle East. Now we are expanding into Latin America; we signed a joint venture with Brazilian company two-months back. We are seeking opportunities there and we hope that very soon Brazilian joint venture will take off. There are significant opportunities in Africa for PL Engineering, we have had few early wins but now we see very significant opportunity to grow there. Current year we focused on expansion of capabilities and expanding geographical reach and the coming year FY13 is going to be a real growth year for PL Engineering.

Rajesh Agarwal: We see a lot of exploration and transportation activities coming down from South East Asian countries specifically in Indonesia, according to the study that we have done, Indonesia has lot of gases which is planning to be explored and move fast. So what is the order traction coming up from Indonesia?

Atul Punj: Order traction in Indonesia is really on the larger projects which are our focus and for smaller projects we look at capacity build up. So we are in dialogue with Total and all the other companies that are working with Pertamina & BP MIGAS. We are also involved in coal mining their through Sembawang. We have power plant work there and Oil & Gas work. So we have been in Indonesia and we don't plan to move from there in a hurry.

Rajesh Agarwal: Are we hopeful and excited about the opportunities coming from that place of the globe?

Atul Punj: Well there are many places where excitement is going on.

Moderator: I would now like to hand the floor over to the management for closing comments.

Luv Chhabra: Thank you for joining the conference call and we look forward to interacting with you at the time of our annual results which will be sometimes towards end April, early May. Thank you.