Punj Lloyd Limited

Q4 and FY17 Earnings Conference Call Transcript
May 29, 2017

Moderator Ladies and Gentlemen, Good Day and Welcome to the Punj Lloyd Limited Q4 and FY17 earnings conference call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Gavin Desa from CDR India. Thank you and over to you, Sir.

Gavin Desa Thank you. Good day everyone and a warm welcome to Punj Lloyd Limited Q4 and FY17 Earnings call. We have with us today Mr. Atul Punj, Chairman of the Punj Lloyd along with other senior members of the management team. We trust you have had a chance to go through the investor communication and the results. Before we begin, I would like to mention that some statements made in today's discussion may be forward-looking in nature and a disclaimer to this effect has been sent along with the conference call invitation. I now invite Mr. Punj to share some opening remarks in his perspective after which we may have a Q&A session.

Atul Punj Thanks Gavin. Good afternoon everybody. Welcome to this call. Just to summarize, basically we are seeing a reduction in the loss down to Rs. 181 crore not something we are happy about, but it is a trend in the right direction. We stand with a strong order backlog of about Rs. 18,000 crore, if you remove the Libyan component it is still about Rs. 12,000 crore which is very healthy number. We are expecting to pick up some significant projects in the very near future, which should boost this number quite dramatically. Other than this on the debt reduction side, we are seeing very good traction, we have an agreement almost on the table from Qatar where we have had a large outstanding for a long period of time. The ONGC arbitration, Heera project which we expect the arbitration and the decision to come within this fiscal year, so overall we are seeing fair amount of traction. The last one is the Myanmar-China pipeline where we are again seeing strong possibility of closure in the next two months, so all in all I think the trending is in the right direction. The legacy issues still dog us, but as I said one by one we are dealing with them. With that, I will just open it up for Q&A, please feel free to ask any questions.

Moderator Thank you very much, Sir. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor Sir, just looking at the consolidated level numbers, if we look at our P&L on account of that, would you explain Sir, what is the reason, how much is the Legacy orders that we executed contributed to the losses?

Rahul Maheshwari If you go through with the consolidated numbers, the total loss before tax is Rs. 900 crore and the financial cost itself is Rs. 1,000 crore. So primarily on account of the finance cost, EBITDA level is Rs. 400 crore which is almost, I will say 5% of the total income which includes the other income and other non-operating income. As told in the past also, the legacy issues are already closed; it is just the realization from those projects that is pending. As told in the initial comment by Mr. Punj, the realization is also on the track. We are hopeful of realizing those receivables in the next fiscal year, which is current financial year.

Saket Kapoor Sir, receivables do not affect your P&L now, only the interest component is there, but I am talking about the operational part, on operational front also, if you take the standalone, it is just on the margin, if you take the standalone number for the quarter, we have revenue from operations at Rs. 890 crore, finance cost of Rs. 225 crore and our loss from ordinary activities being at Rs. 230 crore?

Rahul Maheshwari I need to explain you that the new Ind-AS has been incorporated with the Financial Year with effect from April 2016, with a transition date of April 01, 2015. On account of this, I will say presentation and disclosure of some of the operational activities was needed to be clubbed under other income, due to some implication of the Indian accounting standard Ind AS101 'first time adoption of the Ind-AS'. By virtue of it, some of the receivables and current assets, were needed to be fair valued and those fair value losses were booked in the expenses, which has become a part of cost of sales. So though it is not related to operational activities, but it is an implication of the adoption of new accounting standards or new Ind-AS, which is the new Indian GAAP now. Since, it is captured in the cost of sales now, then one need to include the other income portion also while computing the EBITDA margins at a standalone or consol level.

Saket Kapoor Sir, what was the operating margin, if you take all the back-of-envelope calculation?

Rahul Maheshwari Generally, we apply at a rate of 7% to 8%, but yes, as of now we are operating at 4% to 5% margin.

Saket Kapoor That is after providing the interest part also?

Rahul Maheshwari No, this I am talking about at a site level, at a project level without including the lending cost.

Saket Kapoor What is our finance cost?

Rahul Maheshwari Finance cost on an average is around 10%.

Saket Kapoor Then what it leads to our net margin, I am talking about the net margins of the orders we have on hands also for execution. Going forward, what should we expect on a net margin basis because when you prepare P&L and when we investors look at the numbers, we look at the net numbers?

Rahul Maheshwari One needs to understand that 10% average cost of financing is on account of the Legacy's receivables because if those receivable are realized, we can repay all our old outstanding or all borrowings. As of now, our financials look like we are working for the banks. If we realize those old outstanding be it Qatar, Myanmar or India, specifically Heera project, we will be in a position to clear of all our borrowings and then our financial cost will come down and can work at a net EBITDA level at a project site, targeted at 4% to 5%.

Saket Kapoor What is the order book backlog, Sir?

Rahul Maheshwari As of now, if you remove the Libya portion, we have around Rs. 12,000 crore.

Saket Kapoor What is our net worth?

Rahul Maheshwari At a standalone level, it is around Rs. 200 crore.

Saket Kapoor On a consolidated level?

Rahul Maheshwari It is negative.

Saket Kapoor How are we participating in tender when we have net worth of only Rs. 200 crore and negative net worth on an consol level, so when you are participating in future contracts, how are we getting when our current position is not appropriate, it is not in right financial stability I am talking about?

Rahul Maheshwari What I understand from most of the projects pre-bid documents in India or in overseas, the financials is one of the criteria, but also there are key fundamentals required or key numbers are given on the technical qualification what we have. Even on the net worth position, we still have a positive and we are hopeful of building it in the next year.

Saket Kapoor Sir, on the Legacy part, I have this question for Mr. Punj, could you quantify what was the amount from all the three disturbed areas, India, Qatar and the Myanmar?

Atul Punj The total amount of, one place that we are trying to recover our money is Libya which is significant amount that there is no visibility on that as we speak. Between the rests of the three areas, we are talking about close to Rs. 3,000 crore.

Saket Kapoor Could you divide it between the three, Heera, the Myanmar, and Qatar ?

Atul Punj It could be, the Myanmar would be the smallest, Qatar and India would be equal, so you would say about Rs. 1,200 crore for the two and Rs. 800 crore approximately for Myanmar.

Saket Kapoor What is in the likelihood because I know these are very complex part to receive money from in this troubled times for the infrastructure?

Atul Punj In Qatar, basically we have after five years of pushing, have finally come to an in-principal agreement on how we are going to close out the contract. We are expecting that it will be approved by the tender board, GTB, sometime within the month of June, things have slowed down a bit because of the Ramadan so it may spill to July, but definitely the principal has been agreed, it is only seeking ratification from their board, so that is what is happening on that front. On the Heera front, essentially we have final back-to-back hearing dates in the arbitration in September, so we are expecting that all the interaction with the arbitrators will be concluded and then we only have to wait for the award. On the Myanmar case, we are in final discussions again, now that their project is fully commissioned, they are also keen to close out the contract, so after a gap of almost a year-and-a-half, they have now started engaging quite actively in settling everything, so there is clear visibility on all three now, where we are very clear that within this fiscal year all three of these should be resolved.

Moderator Thank you. Next question is from the line of Srinivas Rao from HDFC Mutual Fund. Please go ahead.

Srinivas Rao I had two questions, you already answered one question partly, I wanted an update on these three key projects, so what kind of cash flows can we expect for the full year and what is your target on borrowings, so that is my question number one for the end of this year? Question number two is on defense, I wanted to know what are you doing and what are your plans?

Atul Punj On the question number one, basically as I mentioned earlier in Qatar we are expecting to realize to about $120 million plus some other payments, probably we will end up with about $130 odd million this fiscal year. Second on the ONGC as is publicly known that we have received an outside experts committee award which is a group of people set together by ONGC which is close to Rs. 1,200 crore which for reasons best known to them, the board decided to reject, for reasons which were not technical, the reasons were mainly as to who would be then well responsible within ONGC for the problem. We had to revert back into arbitration, that arbitration is now proceeding. The arbitrators have allowed us to file supplementary claims, so our total claim is now close to Rs. 1,800 crore which we are expecting that by September end as I said earlier we have five days of back-to-back hearings. We expect that to be concluded, after which we have to then wait for the final award, which we expect to definitely happen within this fiscal. On the Myanmar case, where we have about $60 million, $70 million that we are expecting to collect as final payment that discussion is now on, we are expecting that also should be resolved, I would think by September we should have that closed. On the debt reduction quite obviously, whatever maximum can be put into debt reduction from these moneys will be done. We are expecting that after whatever other local liabilities that we may have about 70% of this money will go directly into debt reduction. That is what our strategy there is, so we are hoping that this year on the back of good order back log and hopefully, some new projects coming, we will start rebuilding our network because some of the accounting changes have forced us to provide for something that may not happen, which is really gone on the side of abundant caution.

Coming to the defense side, basically we have commissioned our plant to manufacture small arms with Israel Weapon Industries that was inaugurated by the Chief Minister of Madhya Pradesh on the 4th May. We have received the letter of intent for our license from the home ministry as well being the first ones in the country to get that, so we are already in production. Our partners have loaded up our plant to the extent of three-shift operation for almost the next 12 months which will keep us quite busy. This is apart from any direct orders that the joint venture picks up. There is another program that we had bid which was the upgrade of the ZU-23 air defense gun, which is now close to finalization, there is one signature left on that particular file, which we have been told will happen any day now. What is meant by any day now, is really something that I cannot be specific about, but it is now coming to closure, not a significant win in terms of size, but very significant win in terms of strategy and essentially arriving in the defense space as an independent OEM. Other than that, we are already supplying wing panels to HAL, we are doing a lot of components for SAAB in Sweden which we are exporting, we are doing marine components for Fincantieri, we are doing hydroelectric components among others, so there is a lot of activity happening at the plant and more importantly we are building up competencies and getting all the certifications which actually in the defense space take up to five years to get, so you cannot just set up a plant and start manufacturing in day 1, you need to go through a whole process and we have been really using these last six-seven years that we have been in this space to build up deep competencies in certain specific areas, which we are now hoping to leverage to take care of the larger opportunity as the government is increasing its focus on building local capacity in defense production, so that is pretty much in a nutshell.

Srinivas Rao What kind of revenues can we expect this year or next year from orders that are already there with you?

Aditiya Vij Currently, our plant is supplying components to Ordnance Factory Board, HAL, export orders primarily which Mr. Punj mentioned, back-to-back arrangement with IWI which is our joint venture partner for small arm will be in a few tens of crore, our collaborator is coming down for detailing the revenue for this year, early June. We have for the ZU which has already been mentioned earlier, we are not at liberty to announce the number but that will add significant about Rs. 100 crore a year to our revenue, as soon as we start getting into execution mode and finally one more item that we are at the last stage, is an artillery upgrade gun from 130 mm to 155-145 mm, which is a significant volume that we expect as well and we have a very competitive bid in that, so by and large I would say that as you also saw from the recent win by L&T that one of the direct impacts that we will have is orders from the defense ministry directly, which will catapult defense into a major revenue earner.

Srinivas Rao I have a question on the core E&C business, can you elaborate little bit on the prospects of various segment in various geographies, where Punj is focusing, how is the competitive intensity whether it is Middle East or other region?

Atul Punj The Middle East if you look at the different geographies that we work in, we are active in Oman on pipelines, we are doing a large terminal in Kuwait right now. Other than that, the Middle East with the difference in prices is generally slowing down. There is a fair amount of activity still happening in Saudi Arabia, which we are trying to focus on. We have possibility of some good successes in the near future where we understand what we have opened low bid, so we expect to have some announcements in that direction. In India, the infrastructure space is on fire. There is a lot of activity happening on the road sector and now starting up on the airports, we are just completing the Sikkim Airport as we speak, so we are seeing airports and also a fair amount of work happening now coming up on Inland waterways and now with the government change in UP and Uttarakhand, I think the water, Namami Gange Programme will also take off, which was hanging fire for a long time. Our focus on the process side of the business, which is let us say the refinery upgrade, etc., which are happening and a fair amount for the Euro-VI compliance, problem there is that they are extremely banking-intensive projects. What happens that you require to have 20% of the project value as bank guarantees available for advanced and performance and then you need about 50% to 60% for letter of credit lines for procurement, so you are effectively from day 1 blocking about 80% of the project value in banking facilities which to us in a tight banking environment is not prudent, so we are using our residual facilities which are significant, targeting cash contracts where you effectively require 20% instead of the 80% in the process side, so that really is our strategy. Overseas, Malaysia continues to be a major hub for us; we are doing well over there. We are now focusing also on Bangladesh, couple of projects in Sri Lanka which are all financed by bilateral aid. We are not taking country risk in that sense, so work wise frankly I have not seen a better timing for us. The Legacy issue that are dragging us back, but I think we are now this year would break free of that.

Moderator Thank you. Next question is from the line of Udit Malhotra, an Individual Investor. Please go ahead.

Udit Malhotra I have been joining the calls for quite some while now and in the last call you mentioned that there will be improvement on the EBITDA margin this quarter, but there has been no improvement, I think it is around 3% this quarter and the other thing was you mentioned there will be some positive news on the Qatar and other one I think it was Libya, so no update on that as well, like it has been the same this quarter as well, so when are we expecting these results to be positive?

Atul Punj As I mentioned, we were very hopeful that the Qatar decision that has now been taken would have actually showed up by this call, which was the reason for the statement that was made. Having said that, now we know that the documentation is pretty much complete on the client side and I think within June or July it should be realized, so what I was expecting to happen in the last quarter has got shifted. Unfortunately, our clients do not have the same deadlines that bankers and the financials have, so for a client to understand that we have a calendar deadline is completely immaterial, they are only concerned with their own internal processes, so we have been pushing very hard and we are happy to say that we have reached a stage where we can now say that this literally one tender board that has to finally ratify the in-principal agreement we have arrived at and then the entire process for releasing payment will start, so to answer your question, we are expecting it to this quarter for sure.

Udit Malhotra The other thing was the EBITDA margin, because you mentioned about the execution?

Atul Punj EBITDA is moving slightly nowhere near where we expected to, it has moved from minus 18 to 2 to 3, but it is hoping to get up to close to double digit numbers within the next two quarters, but the trending is clear that we are in that particular direction. There is a lot of focus on the site productivity improvement right now and I think we have used this time to really tighten our belts and prepare for the large opportunities coming forward.

Udit Malhotra Sir, couple of more questions, one of them is on the Singapore losses that we have booked, so there was Rs. 150 crore losses, which you mentioned in the last call, we should not have any losses from there, so if you can answer why we have those losses in there?

Atul Punj I will let Rahul get into the details of that, but basically there was an accounting change where we have to book anything that perspectively we feel that is going to be a loss, so there is no major room in that in terms of the new accounting standards, so we have really been pushed in to this situation by the change in the accounting standards and not by any material event that has happened that is different from what happened last quarter.

Rahul Maheshwari Since we have adopted Ind-AS, it impacted fair valuation of all our investments. As the investment in Singapore operations, is under judicial manager, though we believe that there is still a hope of revival but considering the control has already been lost by Punj Lloyd on appointment of the judicial manager, we have valued it at zero value. That is why this loss has been booked, but on the contrary we are still negotiating as a fresh investor with the judicial manager for the revival of the operations of both the subsidiaries, PLPL and Sembawang Engineers. In nutshell, since all the losses of receivables have already been provided in the books of account, so whatever comes from there will be a net gain going forward.

Udit Malhotra One more thing you mentioned we have 4% to 5% margin without the interest cost and the receivables that we are expecting is around Rs. 3,000 crore odd of the total Rs. 6,000 to Rs. 7,000 crore of borrowings that we have?

Atul Punj Rs. 3,000 are the major ones, there is a bunch of other smaller ones that will total up to probably another Rs. 1,000-1,500 crore.

Udit Malhotra But still there is a gap of Rs. 3,000 crore, what are the margins we are left with after including those Rs. 3,000 crore?

Rahul Maheshwari Operationally, we believe that for carrying out our current order backlog of around Rs. 11,000 crore, we need a borrowing of around Rs. 2,000 or Rs. 2,500. So if we repay this Rs. 4,000 crore then we will be in an average what we are expecting or what we require.

Atul Punj In this business, you cannot be a zero debt company, I do not think you will see any companies in that space.

Udit Malhotra Actually I am looking for the margin, the 4% to 5% was without the interest cost?

Atul Punj We are looking to move our EBITDA margins back up to that 10-12% which is where we used to be. We are now trending in that direction and we are hopeful that we should get that this year itself, unfortunately there is no overnight fixes, it is a process that we are right in the middle of right now.

Udit Malhotra My last question is on the order book, in last few quarters we have not seen any major orders coming in, do you see any impact of the negative net worth on the bigger orders that we may get from the defense side or any other side, because I was reading some documents where the criteria to bid for those, the comment is looking for six-seven major companies, one of the criteria is to get a company with a CRISIL A rating or with a good net worth, so do you see any issues with that?

Atul Punj Let me just clarify, firstly, we are positive in net worth on a standalone basis so that is the important criteria. Secondly, what is happening is that if you look at the strategic partnerships the government is looking for, we are not looking to participate in any of those because it is not something that we feel we are in a position to really focus on. We are playing in the defense space; there are different categories in the supply chain that go from Tier-1 to Tier-10. In some cases, we are playing a Tier-2 role, in some places we are playing a Tier-4 role, basically the objective is to keep our facility, the investment that we made in Gwalior, running three shifts a day and that we have very successfully managed to do and we are building on that, so as I said we are building deep competencies in this space, we are not necessarily keen to get into the Tier-1 area where the process itself of finalizing of a particular order could be as long as 6-7 years, so we are busy building up a capability supplying to OFB, HAL, exporting, so as I said, it does not impact anything that we are doing right now, so we are fine.

Udit Malhotra Other than the defense, is there any other hindrance because of this, any major orders, they have been no orders in last few quarters?

Atul Punj We intentionally started bidding carefully because we wanted to use this time to consolidate our internal operations, we have now done that, we are now expecting to have some significant win which you will hear in the next six months, but we refuse to drop our prices to the extent that some of the race for the bottom is not something that we have been interested in participating in, so we have now very clearly identified the target areas in B&I and we are going after those projects. We are not going after every plain vanilla highway project as an example, so we have been very cautious and very focused and I think the strategy will pay off in the next few months, so we are not concerned about having not booked any new orders as much as you would be because you are not aware of what our strategy has been, but I think we are now in place.

Udit Malhotra Sir, actually my perspective was towards the longer term, because may be three years later, we may not have the orders?

Atul Punj As I said, in the next six months we will be hearing enough news.

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

Jinesh Sheth Most of them have been answered, I just wanted to know on the EBITDA margins for the order backlog on hand, Sir, you have been telling that we have been booking orders for EBITDA margins in the range of 8-10% and now you are talking about 4-5%, so if you can just share where is the disconnect?

Atul Punj Firstly, I did not say that we were targeting 4-5%, we are targeting to have close to 10% or more. Now the issue is that, the business that we have picked up, which has picked up at higher EBITDA margins, it is a work in progress where you have to execute them over a period of time, so it will not reflect overnight in a quarter or two in terms of significant jump but over a four-quarter period, you will be able to see the realization of the orders that we have picked up in the past, actually contributing directly to the bottom line, so it is not that the numbers have not been bid, the numbers have been bid and the projects won on those levels but by the time it reflects in your accounting is a function of time of execution of the projects, so I do not think there should be any confusion in your mind in that space.

Jinesh Sheth What would be the blended EBITDA margin for the projects on hand excluding Libya?

Rahul Maheshwari Without Libya, it is around 8-10%. Libya as of now is temporarily suspended.

Atul Punj That is why we talk about effective order backlog of Rs. 12,000 crore, so the actual order backlog is Rs. 18,000, what we know is real and is moving ahead because Libya might suddenly show up one day and we are asked to start work again, so we have been advised by the bankers over there to keep it because we have been told that it is something that can come alive quite quickly, but what we are focusing on is the Rs. 12,000 crore order backlog ex-Libya, so that is 8 to 10%.

Jinesh Sheth Sir, how much write-off we might have to take if we assume that the Libya order book is suspended?

Atul Punj Whatever we had to take, we have taken, there is nothing.

Jinesh Sheth We have already taken, so it is fairly on the upside right now.

Atul Punj Yes.

Jinesh Sheth Sir, same would be the case as you had been mentioning for the Singapore subsidiary as well that we have till now whatever we needed to, from here on it will be positive right?

Atul Punj Yes.

Jinesh Sheth Sir, what would be the next course of action for the Singapore subsidiaries if I can understand?

Rahul Maheshwari The Singapore operations as of now are under the judicial manager who has been appointed by the local court of Singapore. We are in discussion with him as a prospective investor for the revival of those operations and rounds of discussion, meetings and hearing have already happened. Next hearing is sometime in August, but we are not waiting for the eleventh hour, we are proposing them to have an informal discussion with the creditors, unsecured and secured to get their consent on the revival plan and they will present our case to the local court.

Jinesh Sheth How do you see the next fiscal in terms of growth and for margins?

Rahul Maheshwari Growth we are expecting on a top line is around 10% and as Mr. Punj told, we are trying to achieve that double digit EBITDA. Since it is timing issue, so it won't be possible to know now that what we will be the improvements in our EBITDA.

Atul Punj Basically to add to that you see this is the business where as I said I cannot drop prices to get product out of the warehouse and book sales on it overnight. It is a time consuming process, which we have to go through but what we are focusing now is on bottom line rather than just top line growth. Top line growth will happen in any way on an organic basis, what we are trying to be creative about is getting our bottom line to be much stronger than where we are right now. This is that contribution that is going to help us in going ahead, so our obsession with top line is not there, our obsession with bottom line is there, and that is simply what we are focusing on right now.

Jinesh Sheth Sir, in terms of other income, how much of this Rs. 1,355 crore that we have booked in the consolidated statement would be recurring?

Rahul Maheshwari Most of it is non-recurring. It is a one-time item on account of what I told you earlier, the deconsolidation of our Singapore operations. We have accounted for around Rs. 970 crore in the current quarter based on the guidance of Ind AS 27. And if you remove that around Rs. 400 is of recurring nature which comprises primarily of scrap sales, sale of fixed assets and other related activities of contractual nature of EPC business.

Jinesh Sheth Sir, again in terms of our order book, our order book has been declining for the past few quarters, over the last quarter it declined by Rs. 1,056 odd crore, you mentioned that over the next six months we would see some bit of orders coming our way, so if you can share a bit more on that in terms of order book visibility for the year?

Atul Punj If you track the order booking in this company and most companies in our space, you will find that the order intake is very lumpy, so you will find periods of drought and then you will find suddenly a lot of work being booked by a particular company, we are pretty much confident that our order backlog is healthy and while on an overall basis may have declined and we are hoping that we should pick up at least another Rs. 4,000 to Rs. 6,000 crore worth of work in the near future. We are keeping our fingers crossed that everything goes off as per plan and I think we should not have this conversation again because I think we will see a significant uptake in the order backlog.

Moderator Thank you. Next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor Mr. Punj in last two conversations you also spoke about our talks with our bank for restructuring of the loan that was in the final stages, do you have any update on the same?

Atul Punj Well, basically our TEV study is almost complete, what we have been waiting for is that there are RBI guidelines yet to come out for the EPC sector, that has been hanging fire enough for a while, so if you really looked at it, we would not fit into any of the existing restructuring guidelines that they had come as EPC companies, so we had been representing repeatedly to the various authorities that we need to have a sector specific set of guidelines. That is now, I have been told should be out, I was told last Friday should be out within the next 10 days, so we are hoping that the moment that happens, we can then file, so we are working very closely with the banks to make sure that we follow that and we are able to move that rapidly.

Saket Kapoor Then there would be a lot of saving on the interest front on account of just implementation of that scheme?

Atul Punj Yes, because the drag really is that you know your project cash flows come and they get diverted to banks, and it kind of becomes a problem for working capital, so that is something that we will rectify immediately that we file for this restructuring, so we are working closely with our lead bank, State Bank of India, that has been very supportive and we hope that sooner than later we should conclude that, so we get on with the business at hand rather than jumping around with the banks all the time, we get about doing what we are supposed to be doing in our day to day business.

Saket Kapoor We are servicing the interest and the prepayment is on schedule for all our branches?

Atul Punj Not for all, but for most it is.

Saket Kapoor How much has been postponed and how are we correcting this?

Atul Punj As I said, we are preparing for our restructuring proposal, so in that it is all comprehensive but I do not want to jump the gun by disclosing any specifics to you right now.

Saket Kapoor Sir, what is our working capital loan, if you can give the idea, drawn from the various consortiums?

Rahul Maheshwari As of now, the total borrowing is Rs. 7,000 crore out of which is substantially the working capital, so you can say it is around Rs. 5,500 crore.

Saket Kapoor The balance was?

Rahul Maheshwari Balance is of term loan and development business. We own one of road project and a couple of solar projects.

Saket Kapoor My next question was towards this asset monetization also, Sir, what is the roadmap on that and what can we expect for this Financial Year?

Atul Punj We are not focusing on anymore asset monetization other than surplus construction equipment that we have been regularly getting rid of, but other than that we are now focusing on the business at hand because at the end of the day, the future is going to come from growth and profitability, it is not going to come from only a fire sale of assets, so we have pretty much exited most of the assets that we could exit and the ones that we are stuck with right now are assets where there is no market at this point in time, so either we can obsess about dealing with selling the assets to meet some compliance or we focus on picking up good quality business and executing it efficiently, so we are spending more time now on getting new business and executing it efficiently rather than focusing on whatever residual assets that we may have left.

Saket Kapoor What was the asset sale figure for financial?

Atul Punj You know we sold Medanta equity, we sold Simon Carves equity, we sold Olive group equity, everywhere we recovered an average of three times of our investment.

Saket Kapoor Just wanted to know the figure Sir, absolute number if you have?

Atul Punj Rahul can give that to you offline, but it was significant, it was well close to Rs. 2,000 crore.

Saket Kapoor Sir, how much has you and your group companies have contributed to the working capital requirement in the form of IPD or inter-group companies zone for the smooth working of the, I wanted to know other than the equity how much of your personal wealth is today diverted to the business due to the uncertainty?

Atul Punj Saket, let me just put life in perspective for you, unlike most of the other promoters that you have been dealing with what I did was that every single investment that we made we made within Punj Lloyd. I did not build up an empire on this side or a cash float on this side at the cost of this company as a result of which whatever investments we have in Punj Lloyd, I do not have any grey *jaidad* sitting somewhere that I have built up over a period of time, so very clearly whatever investments we had were liquidated and came straight back into the company in which they were owned by, so I do not have the ability to give a loan if that is what you are asking to this company, because I do not have a vault chest that I have accumulated on this side. As I said, sometimes I think it is silly, but ethically it is the right thing to have done.

Moderator Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand over the floor to the management for their closing comments. Over to you, Sir.

Atul Punj Thanks everybody for coming. I think we have answered a fair amount of questions. As I said, we are moving, pushing in the right direction. We are starting to see traction, and hopefully, we will start seeing better results every time we have this conversation. Thank you very much.

Moderator Thank you very much, Sir. Ladies and Gentlemen, on behalf of Punj Lloyd Limited that concludes this conference call. Thank you for joining us and you may now disconnect your line.