

Punj Lloyd

Investor Communique

Performance overview – Q1 FY2012

August 12, 2011

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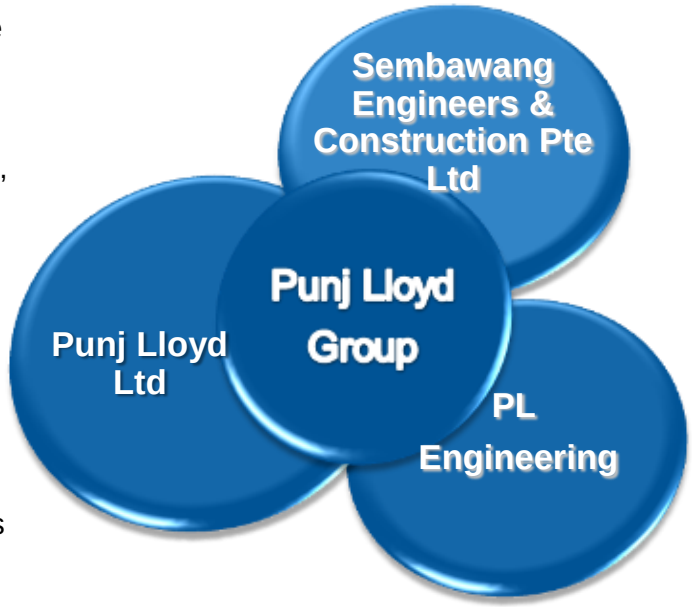
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Punj Lloyd – The Group

Punj Lloyd Limited
(A Diversified Global EPC Conglomerate)

- **Energy**
  - Oil & Gas – Offshore Platform, Onshore Field Development, Pipelines, Tankage and Terminals, Process Plants,
  - Power : Thermal, Nuclear
  - Renewables : Non–conventional Power, Bio Fuels, Green Buildings & Infrastructure and Water
- **Infrastructure**
  - Transport :Subways & Metro Systems, Airports, Highways & Expressways, Tunnels & Caverns, Seaports & Terminals, Bridges, Flyovers & Interchanges
  - Utilities : Reservoirs & Treatment Plants
  - Building : Hospitality & Leisure, Commercial, Industrial, Institutional, Residential Complexes, Healthcare & Townships & Industrial Parks
- **Defence**
  - Land Systems, Aviation and Defence Electronics
- Onshore Drilling
- Polymers, Petrochemicals & Chemicals



Sembawang Engineers & Constructors Pte Ltd
(One of the leading EPC Co. in Singapore)

- Civil Infrastructure & Transportation – MRT Stations, Roads, Bridges, Airports, Expressways, Jetties, Residential & Commercial Building, Leisure & Hospitality
- Environment – Water and Wastewater Treatment plants & Sewage Treatment Plants, Reservoir, Tunnel & Caverns
- Power Plants
- Coal Mining & Commercial Real Estate Development

PL Engineering Limited
(An Engineering Services Co.)

- Oil & Gas
- Petrochemicals, Chemicals & Fertilizers
- Power : Nuclear & Thermal
- Automotive & Aerospace

Business Structure & Solutions

Oil & Gas	Onshore & Offshore Pipelines, Onshore & Offshore field Development, Gas Processing, Tankage and Terminals
Process	Refineries, Polymers & Petrochemicals, Chemicals
Power	Thermal, Nuclear
Utilities	Water & Sewage Treatment Facilities, Reservoirs, Centralized Utilized
Infrastructure	Subway & Metro Systems, Airports, Highways & Expressways, Bridges, Flyovers & Interchanges, Tunnels & Caverns, Seaports & Terminals
Buildings	Hospitality & Leisure, Commercial, Industrial, Institutional & Residential Complexes, Healthcare, Townships & Industrial Parks
Asset Management	Asset Preservation & Maintenance








Punj Lloyd

Financial Results
&
Operating Highlights

Q1 FY2012






FINANCIAL HIGHLIGHTS – Q1 FY12 (STANDALONE)

(₹ Cr)

Particulars	Q1 FY2012	Q4 FY2011	% Increase / (Decrease)	Q1 FY2011	% Increase / (Decrease)
Total Revenue	1,353	1,238	9%	1,120	21%
EBITDA	157	152	3%	94	67%
EBITDA Margin (%)	11.60%	12.28%	-5%	8.39%	38%
PBT / (LBT)	14	26	-46%	(14)	201%
EPS	0.16	0.96	-83%	(0.56)	129%

FINANCIAL HIGHLIGHTS – Q1 FY12 (CONSOLIDATED)

(₹ Cr)

Particulars	Q1 FY2012	Q4 FY2011	% Increase / (Decrease)	Q1 FY2011	% Increase / (Decrease)
Total Revenue	2,266	2,332	-3%	1,738	30%
EBITDA	184	214	-14%	138	33%
EBITDA Margin (%)	8.12%	9.18%	-12%	7.94%	2%
PBT / (LBT)	9	45	-80%	(7)	231%
EPS	(0.37)	0.53	-170%	(0.92)	60%

BUSINESS OVERVIEW

- Rising interest rates, Global economic concerns and Spiraling inflation continue to present challenges
- Stable performance in a challenging external environment
- Strong order inflow across segments improves Order book. Orders won across varied sectors of Pipelines, Process facilities, Nuclear Power, Thermal Power, Railways, Oil and Gas, Civil and Construction
- Provision of additional financial support to Simon Carves Ltd., a step down subsidiary, have been withdrawn as a consequence of prevailing market conditions and the financial condition of Simon Carves
    - Following such withdrawal, Simon Carves has been placed in administration in accordance with the laws of England & Wales. Subject to those laws, PL Engineering Ltd. have entered into an asset purchase agreement through its UK subsidiary Simon Carves Engineering Ltd. (SCEL) for the transfer of certain assets, contracts and employees of Simon Carves to SCEL

Commenting on the Company's performance for Q1 FY2012, Mr. Atul Punj, Chairman, Punj Lloyd Group, said:

"Since the beginning of Current financial year we have achieved robust growth in our order book. During this year till date we have achieved total order inflow of Rs 5,627 Cr. V/s Rs. 9,978 Cr. achieved in last full financial year.

We have bagged orders in pipeline, process facilities, nuclear power, thermal power, building and railways projects this quarter, a further reflection of our strengths and capabilities across the infrastructure and oil and gas space.

"Rising Inflation, interest costs and commodity prices coupled with strong competitive pressures and political concerns pose a challenging environment in many parts of the world. However, with our strong order book and diverse execution capability, I remain confident of our company's ability to deliver growth and create value."

Q1 FY11 - FINANCIAL OVERVIEW

(₹ Cr)

Description	Standalone as at the end of		Consolidated as at the end of	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	Q1	Q1	Q1	Q1
Sales & Contract Revenue	1,340	1,000	2,248	1,606
Other Operating Income	10	115	15	128
Other Revenue	3	5	3	4
Total Revenue	1,353	1,120	2,266	1,738
Total Expenditure (Excl. Interest Exp & Depreciation	1,196	1,026	2,082	1,600
EBITDA	157	94	184	138
Interest Expense	100	70	113	81
Depreciation	43	38	62	64
PBT	14	(14)	9	(7)
Tax	8	4	22	23
PAT	6	(18)	(13)	(30)
Cash Profit	49	20	49	34
Equity Share Capital	66	66	66	66
Networth	3,563	3,577	3,041	3,109

Ratios				
EBIDTA as % of Total Revenue	11.60%	8.39%	8.12%	7.95%
Earning Per Share	0.16	(0.56)	(0.37)	(0.92)
Net Block of Fixed Assets (₹ Cr.)	1,461	1,334	2,593	2,398
Book value per Share (₹)	107.29	107.71	91.57	93.62
Net Debt to Equity (Times)	0.92	0.78	1.26	1.09

AUDITOR'S CONTINUING OBSERVATION AND MANAGEMENT COMMENTS

Auditors qualification

- The Company during the previous year had **taken credit for a claim** of Rs. 243 Cr on a contract and has also **not accounted for liquidated damages** amounting to Rs. 65 Cr deducted by the customer in view of the reasons stated in the said note. Further, there are other debtors outstanding of Rs.83 Cr and unbilled work in progress of Rs. 166 Cr relating to the said contract as at June 30, 2011. Due to the uncertainty over ultimate collection of the said amounts, we are unable to comment on the same. Our previous year ended March 31, 2011 audit report was also qualified in respect of the same matter.

Management Note:

- The Company had during the previous year accounted for a claim of Rs. 243 Cr on a contract, based upon management's assessment of cost over-run arising due to design changes and consequent changes in the scope of work on a project and had also not accounted for liquidated damages amounting to Rs. 65 Cr deducted by the customer since it is of the view that the delay in execution of the project is attributable to the customer. Further, there are other debtors outstanding of Rs. 83 Cr and unbilled work in progress of Rs. 166 Cr relating to the said contract as at June 30, 2011. The Company has initiated arbitration proceedings against the customer during the year. The management, based on the expert inputs, is confident of recovery of amounts exceeding the recognized claim and waiver of liquidated damages and is also confident of recovery of other debtors and unbilled work in progress.

Auditors qualification

- **Due to civil and political disturbances and unrest in Libya, the work on all the projects in Libya has stopped.** There are aggregate assets of Rs. 1245 Cr as at June 30, 2011, in Libya which have been audited by another auditor in Libya. However, we were unable to perform certain procedures that we considered necessary under the requirements of Statement on Auditing SA600 (Using the work of another auditor) issued by the Institute of Chartered Accountants of India, including obtaining corroborative information and/ or audit evidence, in relation to certain components of financial statements of Libya Branch. The ultimate outcome of above matters cannot presently be ascertained in view of the uncertainty as stated above. Accordingly, we are unable to comment on the consequential effects of the foregoing on the financial statements.

Management Note

- The Group at Libya has aggregate assets of Rs. 1,245 Cr and has also received advances from customer of Rs 517 Cr as at 30th June 2011. Due to civil and political disturbances and unrest in Libya, the work on all the projects has stopped, the resources have been demobilised and necessary intimation has been given to the customers. The Company has also filed the details of the outstanding assets with the Ministry of External Affairs, Government of India. Pending the outcome of the uncertainty, the aforesaid amounts are being carried forward as realizable

AUDITOR'S CONTINUING OBSERVATION AND MANAGEMENT COMMENTS

Auditors qualification

- The Company during the year had taken **credit for a claim of Rs. 89.73 Cr on two contracts, which are pending acceptance by the customers.** Due to the uncertainty over ultimate collection of the said amounts, we are unable to comment on the same.

Management Note

- The Company had during the year accounted for a claim of Rs. 89.73 Cr on a contract, based upon management's assessment of cost over-run arising due to delay in delivery of free issue of material by the client on the project. Management, based on its assessment, is confident of recovery of amounts exceeding the recognized extra stay cost and is also confident of recovery of other debtors and unbilled work in progress.

Emphasis of Matter:

- Deductions made/ amounts withheld by some customers aggregating to Rs. 72.51 Cr on various accounts which are being carried as sundry debtors. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required there against.

Management Note:

- The Company had executed certain projects for some customers in earlier years. These customers have withheld amounts aggregating to Rs. 72.51 Cr on account of liquidated damages and other deductions, which are being carried as sundry debtors. The Company has also filed certain claims against these customers. The Company has gone into arbitration/ court proceedings against these customers for recovery of amounts withheld as liquidated damages & other deductions and for claims of the Company. Pending outcome of arbitration, amounts withheld for liquidated damages & other deductions are being carried forward as recoverable. The Company has been legally advised that there is no justification in imposition of liquidated damages and other deductions by these customers and hence the above amounts are considered good of recovery.

AUDITOR'S OBSERVATION AND MANAGEMENT COMMENTS

Auditors qualification

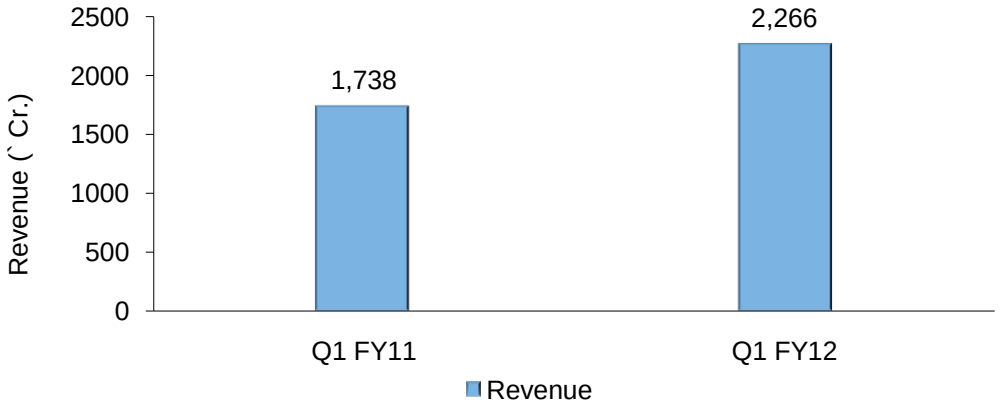
- Due to prevailing market conditions and the financial condition of a step down subsidiary incorporated in England and Wales, the Company has withdrawn the financial support and that company is placed in Administration on 7th July 2007 in accordance with the laws of England and Wales. There are aggregate assets of Rs 134 Cr as at June 30, 2011 in that company invested by a wholly owned subsidiary incorporated in Singapore. As Administration process for liquidation of assets is still in process we are unable to comment on ultimate collection of the aforesaid amount.

Management Note:

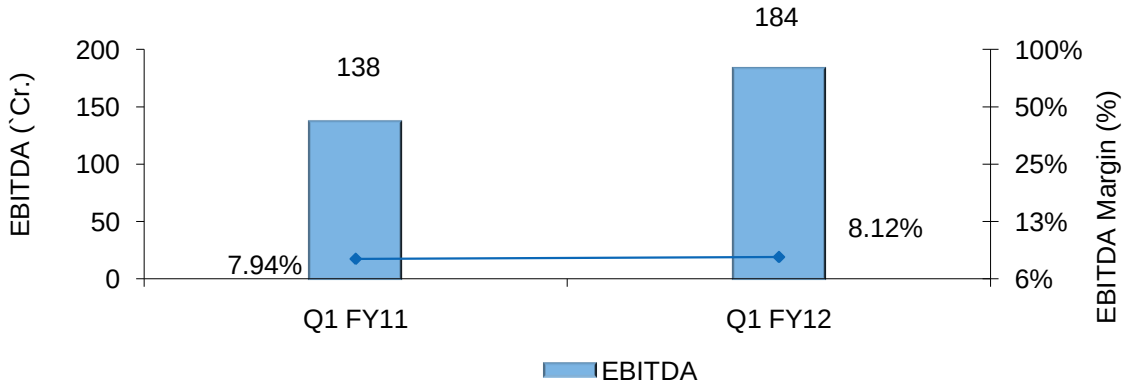
- On July 07, 2011, the company had announced withdrawal of financial support provided to a step down subsidiary, Simon Carves Limited (SCUK) incorporated in England and Wales as a consequence of prevailing market conditions and the financial condition of SCUK. Subsequent to the above announcement for withdrawal of support, SCUK is placed in Administration in accordance with the laws of England and Wales. PL Engineering Limited, a subsidiary of the Company has entered into an asset purchase agreement to transfer of certain assets, contracts and employees of SCUK to a newly incorporated company i.e. Simon Carves Engineering Limited (SCEL). SCUK has aggregate assets of Rs.134 Cr as at June 30, 2011. The management is hopeful of recovery of the aforesaid amount through Administration process in next few months.

REVENUES & EBITDA – CONSOLIDATED

REVENUE

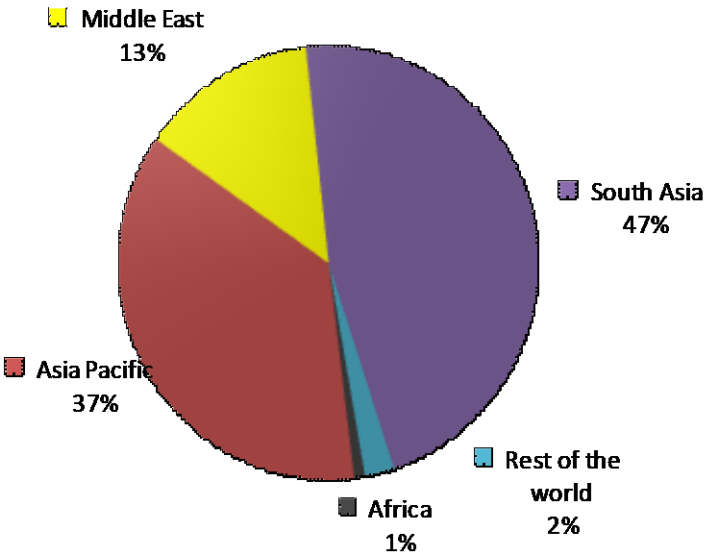


EBITDA



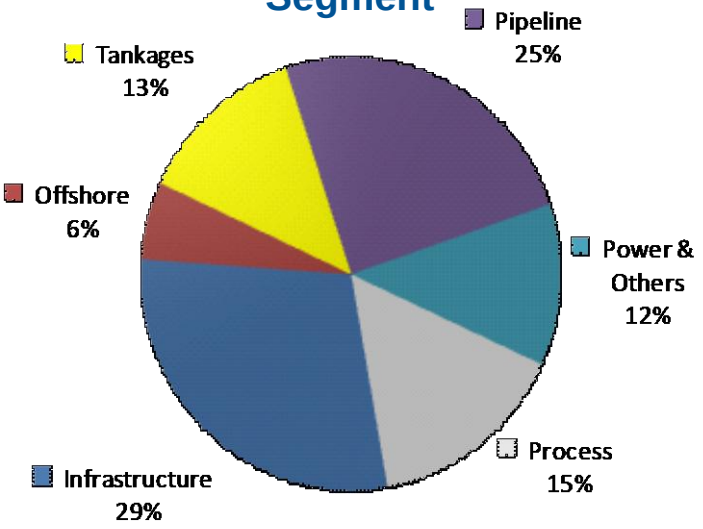
REVENUE ANALYSIS

Geographical Segment



Description	₹ Cr	%
Africa	19	1%
Asia Pacific	833	37%
Middle East	309	14%
South Asia	1062	47%
Rest of the world	52	2%
Total	**2,275**	**100**

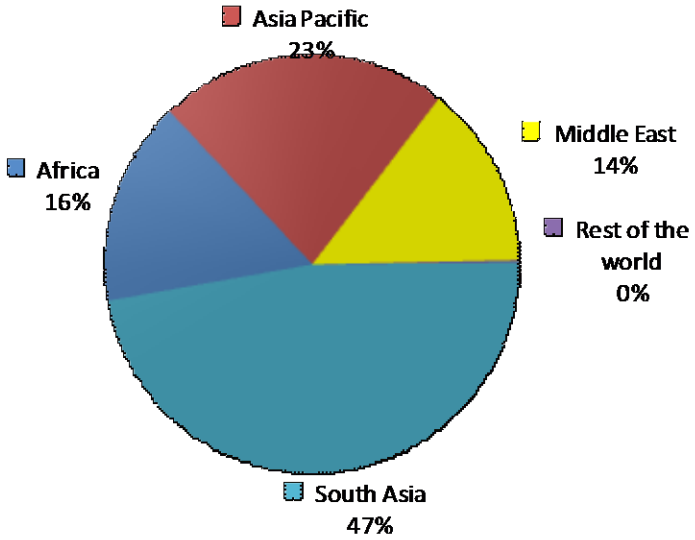
Business Segment



Description	₹ Cr	%
Infrastructure	657	29%
Offshore	132	6%
Tankages	297	13%
Pipeline	564	25%
Power & Others	275	12%
Process	350	15%
Total	**2,275**	**100**

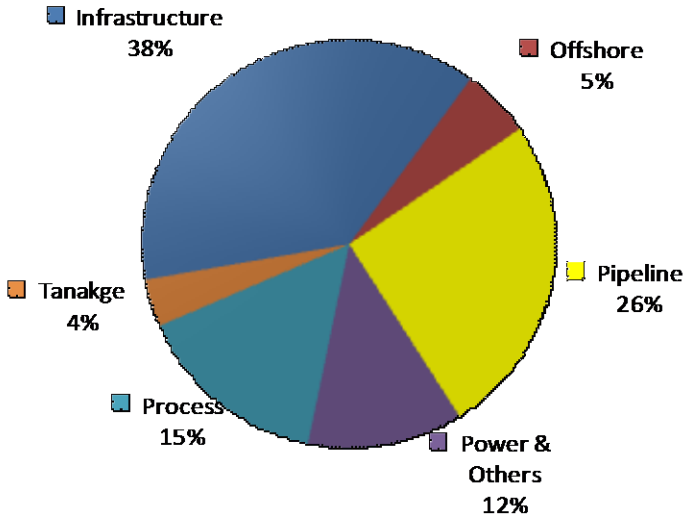
ORDER BACKLOG AS ON AUGUST 12, 2011

Geographical Segment



Description	₹ Cr	%
Africa	3,778	16%
Asia Pacific	5,374	22%
Middle East	3,400	14%
Rest of the world	44	0%
South Asia	11341	47%
Total	**23,937**	**100**

Business Segment



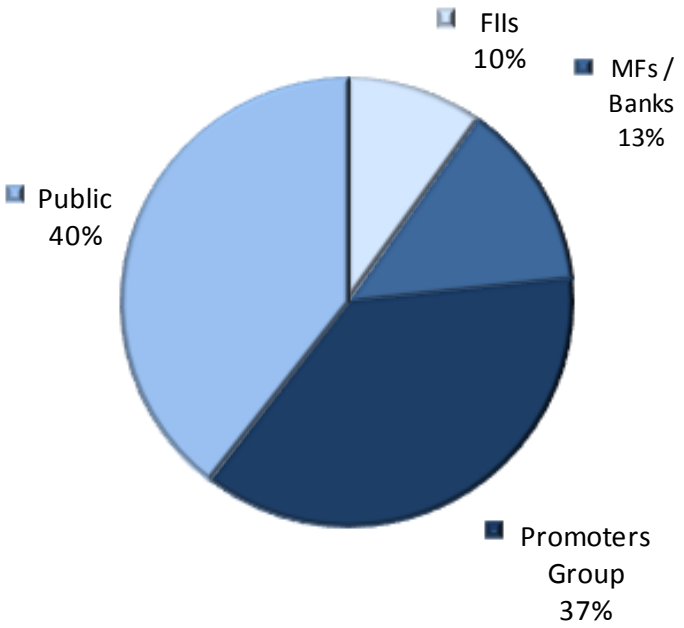
Description	₹ Cr	%
Infrastructure	9038	38%
Offshore	1307	5%
Pipeline	6122	26%
Power & Others	2918	12%
Process	3651	15%
Tanakge	900	4%
Total	**23,937**	**100**

KEY ORDER INFLOWS IN Q1 FY2012

Category	Order Details	Value (₹ Cr.)
Pipeline	EPC order for laying of Oil & Gas pipelines * Clients name & project details are not specified owing to client confidentiality requirements	2,114
Oil & Gas	EPC order for Onshore Oil Operations for Tie-in works at South East, Abu Dhabi from Abu Dhabi Company (ADCO)	890
Offshore	EPC order for 24.5 km long submarine pipeline in an exploration block on the east coast of India from Gujarat State Petroleum Corporation Ltd.	826
Nuclear Power	EPC order for Nuclear Power contract for critical nuclear piping work at four Pressurised Heavy Water Reactors (PHWR) of 700 MWe each in Rajasthan & Gujarat from Nuclear Power Corp. of India Ltd	678
Process	EPC order for process facilities & utilities at an upcoming crude oil storage cavern having a total capacity 1.5 MMT of crude oil near Mangalore Refinary - Karnataka, from Indian Strategic Petroleum Reserves Ltd	330
Thermal Power	EPC Order for balance of plant for 3x18 MW Thermal Power Plant at Sangatta, East Kalimantan, Indonesia from P. T. Citra Kusuma Perdana	307
Civil	Contract won for balance offloaded work for Thermal Power Project in Bongaigaon district of lower Assam from NTPC Ltd.	210
Railway	Contract won for building a railway siding, first Landmark railways project, at Sonebhadra dist of U.P. from Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd (UPRVUNL)	114
Buildings	Contract won for construction of 194 villas in a satellite township in West Bengal, India from Kolkata West international City (KWIC)	99

SHAREHOLDING PATTERN

As on June 30, 2011



IPO	January 2006
Stock Split (FV ₹ 10/– to FV ₹ 2/–)	April 2007
BSE Code	532693
NSE Code	PUNJLLOYD
NSDL / CDSL – ISIN	INE701B01021
Bloomberg Code	PUNJ:IN
Reuters Code	PUJL.BO

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Thank You