"Aban Offshore Limited Q2 FY 2015 Earnings Conference Call"

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Moderator: Ladies and gentleman, good day and welcome to the Aban Offshore Limited Q2 FY 2015 Results Conference Call hosted by SBI Caps Limited. As a reminder, all participant 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mahantesh Sabarad. Thank you and over to you Mr. Sabarad!

Mahantesh Sabarad: Thank you and good afternoon to all those who have joined us. It gives us at SBI Cap Securities great pleasure to host the 2Q FY 2015 post results conference call of Aban Offshore. We have with us the management team from Aban comprising Mr. C. P. Gopalakrishnan, the Deputy Managing Director and Mr. S. Srinivasan, the Senior Vice President. I now request Mr. Srinivasan to start the call with his opening remarks and after which we shall have the Q&A session. Over to you Mr. Srinivasan!

C. P. Gopalakrishnan: Good day to all of you and thank you for joining the conference. If you look at the second quarter results, the revenue has been in line with what we had distributed and also the profits have also been fairly in the same decent of the last quarter. The highlight of this particular quarter, I can say is getting two contracts since we are working with ONGC we got Aban-4 contracts for three years with ONGC and Aban-3 we also got a three year contract with ONGC.

That is about fairly compared to the current rates it is about 30% more than the current rates. It is a significant part. So, Aban-4 today is after the completion of the contract it has come to Shipyard-4 some kind of refurbishment and they are getting ready for the next contract and we will be ready by the January 2015.

Aban-3 has continued to be working in the contract and would likely to end by the end of this year or in the first quarter of next year and we would come in the next quarter getting ready for the next three years. We need to ensure these kinds of reserves for the next three years without any hassles so we ensure that all equipments of rigs the certifications are done. These are the major highlights. Other rigs are all working except for Aban-V and Aban-VII and Tahara which are under marketing. So these are the main things. If you have any questions we can start the questions now.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Abhishek Agarwal from Macquarie Capital. Please go ahead.

Abhishek Agarwal: Thanks for the opportunity for asking the question. Could you give us an idea of what your guidance would be for interest rates as in what is your interest rate currently on a blended basis and how much it should go down to over the next say a year-and-a-half?

Srinivasan: Basically as you know we still have these bonds, most of them are maturing in March 2015 carrying a coupon of 14.25% and we have another set of bonds which was maturing at December 2015 carrying 12%. If you exclude these two bonds, our interest rates is of the order of about 6% but these bonds are at about 14.25% and 12% which is pushing up interest rates to nearly 7%. So, once these bonds are replaced, our interest rates should come down to around 6%.

Abhishek Agarwal: Thanks. I will come back in the queue for more questions.

Moderator: Thank you. The next question is from the line of Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: Sir, just a clarification, one the two contracts that we have recently got so if I roughly work out the rates about 83500 seems to…?

C. P. Gopalakrishnan: Yes it is 83000, it is 82900 something, it is 83000.

Bhavin Gandhi: So is it directly comparable to 62500?

C. P. Gopalakrishnan: It is directly compared because this rate we do not include the service tax component. Generally this is the net rate. It is comparable to the 62450 which we got earlier, 485 or something.

Bhavin Gandhi: Second, there was a recent media article suggesting that there is a change in the preference policy of the government for the rigs as well as the vessels. Is there any impact on us because of the change in the policy?

C. P. Gopalakrishnan: We have always been the L1 without taking any kind of this price preference always. If you have seen this time also probably there was one foreign bidder, but we were L1 even without getting any price preference. So price preference was applicable even in the last two cycles it was one in 2007-2008 and one in 2010-2011 we were the L1 without taking into account the price preference. As you know since we are the lowest cost operator, there are always people to quote competitive rate and this kind of foreign any foreign bidder is also bidding through and Indian entity. So that means they can always tie up. So they can take advantage of the price preference if they want, but I think the industry has represented to the government that we should not withdraw this benefit. One of the reasons for this benefit is basically as you know a foreign bidder is charged a flat 4% withholding tax on the revenues, which the final income tax, whereas we pay a much higher income tax normal 33% on the PBT so you need to compensate this by giving the price preference, but I do not know when anything will come out, but I would like to assure the participants in the call that even without this price preference we are always the L1, wherever we have got the contract.

Bhavin Gandhi: The next question I had was regarding the two next renewals that we would have in Aban-VI and VIII. So, if you look at the comparable rigs, which have been in the marketed in the region, what is the kind of rates are they commanding at this point in time?

C. P. Gopalakrishnan: Aban-VI basically 250 seat water rig. You can say it is a marginally lower spread compared to this 300 feet, which are placed at ONGC, so that is currently getting only 60000 so probably the rate should be higher than what it is getting currently.

Bhavin Gandhi: Sir, what about Aban-VIII?

C. P. Gopalakrishnan: Aban-VII is currently getting about 170,000. It is around that rate, maybe there could be a sideward adjustment, but it is around that rate only.

Bhavin Gandhi: Just one final thing on my side and I will come back in the queue. Regarding the rigs that are currently under marketing which includes Tahara and Aban-V and Aban-VII what is your view? Are we looking to market it in the long-term markets, spot markets, when do you think it will get marketed?

C. P. Gopalakrishnan: Aban-V is marketed in the long-term market and Aban-VII we are trying both. We are trying to get long-term as well as it is marketed at the short term. If you have seen the history of Aban-VII it is always performed short-term contract, maybe with some gap. So, if you market it in the short-term market, as well as we are trying in the long-term also.

Bhavin Gandhi: Sure. Thanks. I will come back in the queue.

Moderator: Thank you, Mr. Gandhi. Our next question is from the line of Sanjay Mookim of Credit Suisse. Please go ahead.

Sanjay Mookim: Thank you for taking my question. I have two key ones, firstly on Aban-5 or 7 could you help us understand the scale of any ongoing capex?

S. Srinivasan: There is no major capex with respect to Aban-7, but in case of Aban-5 also it is very marginal expenditure.

Sanjay Mookim: Thank you and good evening Sir. My question is about the tax rates in the quarter. It seemed to have come down and I know it is done on a revenue basis but I wanted to understand what changed on QOQ basis that has driven the tax down?

S. Srinivasan: The tax is cut down by around 6%. It is tax credit and entitlement of about 4.5 Crores.

Sanjay Mookim: Can you say that again? I did not hear it?

S. Srinivasan: It is basically the MAT credit. The last quarter we took a credit of 5 Crores of MAT and this time it is about 9.7%. That means the tax paid in the previous years for which we are taking credit.

Sanjay Mookim: You were paying MAT previously?

S. Srinivasan: Yes, previously we were paying. So that we can take credit of that when you pay actual paid tax so you can take credit of that. We do not have to pay the full tax so that last quarter was 5.2 Crores and this time it is about 9.7 Crores. The other issue is basically the Indian company because Aban-IV was not working for about 23 days so the actual tax impact in the Indian company is lower. That is about 16 Crores to about 10 Crores. So that is reflected in the total tax.

Sanjay Mookim: I get it. So going forward what sort of MAT credits do you expect? Do you think that the numbers will change or go up or down?

S. Srinivasan: It will be in line. I think for the next two quarters it will be above this 10 Crores per quarter.

Sanjay Mookim: In terms of the Tahara is there any solution in site or does that stay as it is?

S. Srinivasan: See we are working on several alternatives as we pointed out last time also the valuation for this rig is very in minimal so that is why probably and as you know FPS our typically tailor-made for fields. So that is why it is taking a while to market this year.

C. P. Gopalakrishnan: We had worked with Hardy Oil for 16 years. We are still looking at some marketing opportunities available.

Sanjay Mookim: You are not looking to scrap it and gain some value from that?

C. P. Gopalakrishnan: Not immediately.

Sanjay Mookim: My last question is for two ONGC contracts that have come up, what sort of costs we expect before these things start again?

C. P. Gopalakrishnan: I think we have got about $20 million both put together.

S. Srinivasan: It was $10 million each.

C. P. Gopalakrishnan: Maybe slightly higher in Aban-IV because Aban-III we have done substantial work last time so probably it will take 15-5 or something like that or 14-6 something like that.

Sanjay Mookim: The reason I was asking is I was just thinking what sort of net debt change you will see between March 2014 and March 2015 in your opinion?

C. P. Gopalakrishnan: Pardon?

Sanjay Mookim: How much will change in net debt?

C. P. Gopalakrishnan: I think the first half the net debt is about 60 million and we have equity money also. Probably net debt change will be about $250 million.

S. Srinivasan: We have the bond repayments, simple.

C. P. Gopalakrishnan: The bonds of 28 will get paid plus we have some bank loans are there that is about maybe about 1.5 million per month, so about 18 million per month, so about 240 to 250 million.

Sanjay Mookim: So you said that net debt has fallen 60 million in the first half?

C. P. Gopalakrishnan: I am talking about gross debt. I was not adjusting for the cash balance. Even in one of our in this website it is there repayments around 259.

S. Srinivasan: These are annual repayment.

Sanjay Mookim: Thank you.

Moderator: Thank you. Our next question is from the line of Priyesh Jain from IIFL. Please go ahead.

Priyesh Jain: Good afternoon Sir. I wanted the status on Aban-VIII, the contract was supposed to expire in October 2014. So what is the status there?

C. P. Gopalakrishnan: Basically I think these are all well specific contracts. We have to dwell as long as it is required to complete that well, so we are still performing because these are all fairly long and deep well. So it is still performing its job.

Priyesh Jain: By when do you expect this to get over?

Srinivasan: We are not working for them and in any case Russia, the market now requires some special capabilities towards in the arctic region. Even in the other regions, I think we have not worked in the past also.

C. P. Gopalakrishnan: Basically I think it should go on till the end of the quarter.

Priyesh Jain: Then we will push it from different marketing and there is no extension to the contract or something right?

C. P. Gopalakrishnan: We are discussing with a few people. It can be with the same. I mean we are discussing with the few people. We have not completed the discussion.

Priyesh Jain: So there is no extension clause with the existing?

C. P. Gopalakrishnan: Yes.

Priyesh Jain: Thanks a lot.

Moderator: Thank you, Mr. Jain. Mr. Sabarad, would you like to ask a few questions while we wait for participants to join? The next question is from the line of Himanshu Upadhyay from M3 Investments. Please go ahead.

Himanshu Upadhyay: Sir, generally what is the operating cost for Jack-Up in India versus Middle East or Mexico? How does it generally vary?

S. Srinivasan: For a new Jack-Up it is more or less the same somewhere between $35000 and $40000 per day maybe in Mexico it maybe slightly higher but otherwise it is in that range. India would be a bit cheaper because the cost is cheaper, but then the other costs would remain the same.

Himanshu Upadhyay: Generally what costs would vary because from companies, some of the companies say from 35000 to 55000 they give it ranges?

S. Srinivasan: Basically I think the manpower cost like in India will be lower and then you have the overheads that base office costs all that will be higher in that market. See otherwise if you look at the cost of insurance it will be higher in the Middle East and like some of the vendors like space cost it is more or less same because we have a common procurement but Middle East it could be slightly higher because the vendors that will be different otherwise it is the same cost.

Himanshu Upadhyay: For the ship what we have deep drillers what would be their operating cost?

S. Srinivasan: That is what I told these are the Jack-ups, like the new Jack-up deep driller 1 to 8 and Aban-VIII the cost will be between 35000 and 40000 per day.

Himanshu Upadhyay: On drill ship I am saying?

S. Srinivasan: Jack-up for drill ship. The drill ship will be Aban Abraham will be more than $100000 and for because that is a very deep water rig and this Aban Ice will be about 35000 to 40000 again.

Himanshu Upadhyay: Abraham will be how much can you repeat that?

S. Srinivasan: It will be around $100000 to $120000 per day.

Himanshu Upadhyay: What is your sentiment means how are you looking at the market in 2015 since we are rig we are coming so what is the sentiment you are getting this will be operate?

S. Srinivasan: The rigs if you look at it there are some supply of new builds which are coming but if you look at for H2 of the current year and H1 and H2 of 2015 we have totally about 80 rigs which are expected to come of which 28 are from the Chinese yards so they have some quality issues so we hope not to have any problems in competing with them. The Singapore yards if you look at it about 23 rigs so we will be competing only with these others we have Indonesia two, India two, Kazakhstan one, then UAE five, this is the breakup but if you look at it Singapore yards are the ones which are serious in completing these buildings but we have like as we always have renewal space across years so not all the rigs are coming for renewal at the same time. So we hope to get our rigs deployed without any major interruption.

Himanshu Upadhyay: What the Singapore about 23 rigs are coming in next one year are they all chartered within four quarters or they are still open in the market?

S. Srinivasan: I think some of them are still open.

Himanshu Upadhyay: Because we have some around four, five in next year which are to get in.

S. Srinivasan: Yes that is right, but always typically what happens is unless there is a drastic reduction see typically it makes sense for any oil company to continue with the same rig owner because otherwise we will have to pay for mobilization cost and all that so since our rigs are fairly established working for nearly about six years now most of the rigs so we hope to get this contract without any major issue. We have also shifted rigs from one market to another. We moved one rig from Middle East to Vietnam early this year. So we can always look at other markets also. The major advantage what we have is our lowest cost operation.

Himanshu Upadhyay: Is it because of Indian employees and the rigs insurance market when you say you are the lowest cost operator what could be the reason for it would it be just Indian employees are there that is why or there some things happen?

S. Srinivasan: I think Mr. Gopalakrishnan will give.

C. P. Gopalakrishnan: My answer to this will be perhaps in the international market the cost for Indian employees and others may not differ so much because the way the Indian philosophy perhaps will be working here we have much more types such an organization where we find where we can replace the repair has been replace. So those kinds of philosophies are helping. Many of this and you find that they would like to replace which would end up in expanding mode we try to repair which our engineers there are much more adopt to repair and they will use it some more. As a culture we have been able to reduce this, which have been able to keep the costs low.

Himanshu Upadhyay: Thank you sir. I will come in queue again.

Moderator: Thank you Mr. Upadhyay. Our next question is from the line of Abhishek Agarwal of Macquarie Capital. Please go ahead.

Abhishek Agarwal: There a couple of questions I had. The first one is with the crude prices having declined so sharply are you beginning to see some impact of that in the negotiation process of marketing rigs itself?

S. Srinivasan: See we are not feeling it at this movement. As you know see it is even if it comes down a bit, we believe around 50 levels, $50 a barrel that is a level at which there will be a major reaction see various activities could be cut down so that is when the rig rates may get impacted. We are not facing any major issue as of now.

C. P. Gopalakrishnan: There are two three parts to it in this Abhishek. One is working with national oil companies. Most of them work in oil security. So they would not reduce the drilling work because oil price has come down. So that is one which is it is not linear may be the oil prices and the rig rates are not linear number one. So you will find that this is not happened and now secondly we are in long-term contracts. So probably today it has dropped to 85 the immediate change in any of our rigs or in the rates, which has come in so there is also will not make so much of differences as such. They also have as Srini was saying that they have also had threshold limits and if it goes below 50 then there is something looked into, otherwise it is business fairly as usual.

Abhishek Agarwal: My question was basically more towards the rigs that we are going to contract immediately or have not started for a while and especially Aban-VII given that we are looking at even the short-term market for it?

S. Srinivasan: Basically it will not make that big a difference because see thing is that rig has to work the impact now like on the date even a reduction suppose the rig gets to work so the thing is the earnings accretion will have a much positive impact than like any rate reduction it would have.

Abhishek Agarwal: My second question was to do with again capex for refurbishing etc., you have obviously started that for Aban-III and IV I think the next two rigs which are coming up for the recontracting would be II and VI how much of more capex can we expect for these or have these been refurbish recently as well?

C. P. Gopalakrishnan: No, Aban-II has been refurbish at the last cycle so Aban-VI will require but that probably will have in the early part of next financial year so we are still estimating the requirement.

Abhishek Agarwal: My final question was to do with more long-term kind of a thing where the contracts that you have with even public sector companies like ONGC is there an age clause in the same in the sense that or is it to do with only specifications as and it should be certain drilling depth?

C. P. Gopalakrishnan: It is only specification. There is no age requirement. It is only specification and it should be certified as worth it by an independent agency like Fullerton and all those people they have to certify that the rig is fit for work and it should be in class which is done by the classification society.

Abhishek Agarwal: That is it from my side. Thank you.

Moderator: Thank you very much. Our next question is from the line of Chintan Sheth from SKS Capital. Please go ahead.

Chintan Sheth: Congratulations for the good set of numbers. I just wanted a follow up on the previous participant's question about the capex requirement for III and IV, I just missed the numbers and have you mentioned the quantum of the capex will require for the refurbishment?

S. Srinivasan: Yes we have mentioned about 14 million and 6 million for Aban-VI and Aban-III respectively.

Chintan Sheth: 14 and 6 million total 20 million.

S. Srinivasan: Yes.

Chintan Sheth: Sir next year we are seeing since we have four of the rigs will get expired and as you mentioned that the mobilization cost is higher for the operator to change the rigs and for them it is beneficial for the current rigs to be deployed at their current site so are there any clause that have the rig rates are revised as per the market or it is predetermined…?

S. Srinivasan: No, it is basically a new contract. You have to negotiate for a fresh contract.

Chintan Sheth: So it will take the current market or really with at the point of time?

S. Srinivasan: Yes.

Chintan Sheth: Thanks. That is all from my side.

Moderator: Thank you very much. Our next question is from the line of Vaibhav Goyal from SBI Life. Please go ahead.

Vaibhav Goyal: Sir what would be the time taken for Aban-III for refurbishment and when it would be placed?

S. Srinivasan: Aban-III is likely to go off contract around January 2015 and it is likely to be a 45 day project. It is likely to be out of work for 45 days.

Vaibhav Goyal: In most of the rigs which are, I was just trying to understand how many rigs are there for drilling and how much there are used for production?

S. Srinivasan: That is very difficult thing. We do not have that data. The rig is always not used when production happens. The rig is used drill a well. Typically there is an exploration stage and they find oil they can do something called appraisal well sometimes that is also not done, then you have the production well, so when actually drilling well production of oil does not happen.

Vaibhav Goyal: Because in Aban-VIII you said it is just for drilling of some wells or that kind of a contract?

S. Srinivasan: Yes, the contract is different because each, there are several types one is for fixed duration contract, and another one is for fixed for a specified number of wells. So they have opted for a specified number of wells.

Vaibhav Goyal: So Sir similarly there are more rigs on that sort of contract?

S. Srinivasan: No that we would not know like mean to say our rigs you are asking.

Vaibhav Goyal: Yes.

S. Srinivasan: Our rigs typically they have for fixed terms except for probably they DD-VI and Aban-VIII all others are go to fixed terms only even if there is in a fixed term always the oil well there is a well in progress condition because at the expiry of the fixed term if we are half end drilling a well the contract will get extended for the duration of completion of that well.

Vaibhav Goyal: Because the next year there as I see there almost eight rigs which are coming for renewal and being a benign situation of crude oil prices so the way if there is some slowdown in activities there can be some delays in renewal or something like that, how do we saw this?

S. Srinivasan: We do not foresee and as we explained earlier unless the oil reacts 50 levels there is not likely to be any major impact.

C. P. Gopalakrishnan: If you look at theoretically also we have 18 rigs on an average three year contract this would fall for renewal every year, so it is part of a business and that the rigs for the revenues. So it is a regular business they gave for us.

Vaibhav Goyal: Thank you.

Moderator: Thank you very much. Our next question is from the line of Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: Sir, just a couple of questions. One is that could you just give us an indication of what is the cost of a rig which is hot stat, which you are marketing and it is not in operation?

C. P. Gopalakrishnan: Cost means the market price you are talking about?

Bhavin Gandhi: The operating cost generally that you would still need to incur even if the rig is not in operation, just to keep it marketable?

S. Srinivasan: We keep it

C. P. Gopalakrishnan: There is a saving. Layer fund and in manpower there is basically, I think there is some savings and of course prior consumption will not be there, though we do not have the exact figure, but probably we can say somewhere between 50% and 75% of the normal operating cost for hot stat rigs. For the cold stat it will be much lower.

Bhavin Gandhi: But Sir, most of the rigs under the marketing for you are all hot stat?

C. P. Gopalakrishnan: Yes.

Bhavin Gandhi: Sir, for the operating are you incurring any operating cost as far as Tahara is concerned?

C. P. Gopalakrishnan: We are incurring. That is mainly in insurance and some people.

Bhavin Gandhi: Second I just wanted to check whenever you are looking at a different geography to place the rig, I mean if you want to shift so let us say you mentioned about Middle East to Vietnam typically what kind of mobilization costs are involved in shifting markets?

C. P. Gopalakrishnan: Including the mobilization cost will cover our third party cost. We are incurring some expense for moving the rig that plus and implied day rate for the movement period. It cannot be full day rate. Suppose if it takes about 45 days to move we will not get full 100% of the day rate for the 45, so probably we may get around 50% of the day rate for that period.

Bhavin Gandhi: But is the equipment of mobilization cost by the customer, is it a phenomenon any strong markets and not in the benign market, or you get compensated any which way?

C. P. Gopalakrishnan: But you will get because anybody would have to third party cost anybody would charge it. It is basically the day rate is the function of the market. Strong markets will get a much higher day rate. But costs will anyway get reimbursed.

Bhavin Gandhi: I missed your comments on the taxation part of the earlier participant that the tax rate has come off and how do you see the tax rate moving going ahead? Will it come back to more of MAT kind?

S. Srinivasan: Tax rate it depends on several factors, because if you look at my foreign business that is including the rigs of the standalone company it is always percentage of the revenues. So more or less it will be uniform percentage of the revenues. The Indian company alone it is a percentage of the profits. This quarter what happened is our rig Aban-IV was not working for 23 days, so the PBT of the standalone company actually it is lower. Last quarter it was about 79 Crores and now it is 67 Crores. So this has resulted in a lower tax and we have taken a higher MAT credit. Last quarter we had taken 5.26 Crores and this quarter we have taken 9.75 Crores. This is also impacting the net cash which is charged to the P&L.

Bhavin Gandhi: Just one final thing, regarding the bonds that you mentioned March 2015 and December 2015 that you are going to repay, the quantum is around $170 million, am I right or wrong?

C. P. Gopalakrishnan: The bonds of March are $216 million and December it is about $87.5 million.

Bhavin Gandhi: Thank you.

Moderator: Thank you very much. Mr. Sabarad, while we are waiting for the participants to join, would you like to initiate any questions?

Mahantesh Sabarad: Mr. Gopalakrishnan, I thought, I will just ask one question related to how you see the next year in terms of 2015 when most of these rigs contracts get renewal. Are you in conversation with them already to see to it that the rig continues to stay with the current oil companies or how is the process that process if you explain that will allay a lot of fears about whether the competition will come or not?

C. P. Gopalakrishnan: We normally work with it is one you when you work with them there is a relationship being built so what happens is once they are happy with the rigs they would like to continue rig with it. It happens in any of our other lives also. So we start let us say about six or seven months earlier what are their plans or somehow I will not be able to give more than one year contract, because if you look at Vietnam, Vietnam we feel it is a long-term contract should be there, but these are all long-term contract because the structure is such that there is only one year or year-to-year basis. So we believe that continues and being in touch with them and knowing their plans what they want, have been able to help us to get into new contracts. So we knew what is happening there.

Mahantesh Sabarad: Any talks initiated with say other oil companies where explorations are yet to be done for block allottees, which you may be working with?

C. P. Gopalakrishnan: Of course, because even they send us the exceptional interest because it seems we are the one in the top 10 or 11 in the world all these companies, the E&P companies send us their requirements to us.

S. Srinivasan: We get an invitation in any case.

Mahantesh Sabarad: So in a way for the renewal that are due for the next year 2015 you would have all these either the invitations in place or the talks already in a way initiated, so that we know that we know the plan so that gives us the degree of confidence in terms of saying that the renewals will happen. Sir, any little bit more on Aban-VII, which is under marketing, any likelihood would that we may see in the next three or six months of a contract, based on the negotiations that you are doing or is it very difficult to comment?

C. P. Gopalakrishnan: It is difficult to say because you would have seen even in the earlier discussion and if you had seen the history of the rig it has never been on a long-term charter like the other rigs. If you look at the other rigs, fairly they have a long-term charter, except maybe for a brief period. This rig one of the major disadvantage is it is not a 300 foot rig. So it cannot qualify for the ONGC contracts in India. So that is the reason why and so it has some specific market only to operate. So last time it had done a four month job in Oman, we are marketing in a few places but you have to also see because these I mean like people who come for this contract are also newer names. So the terms will have to match.

Mahantesh Sabarad: We have been talking to many?

C. P. Gopalakrishnan: We are talking to many in the sense we need to fructify.

Mahantesh Sabarad: Sir, you do see the possibility of this being absorbed because there exists the market for such kind of rigs?

C. P. Gopalakrishnan: Yes. We hope and we have been talking to many.

Mahantesh Sabarad: Sir that is it from my side. Only one clarification, Sir on these bond repayments there is an installment that is to be paid in December this year that is next year?

C. P. Gopalakrishnan: That is about 12.5 million only.

Mahantesh Sabarad: Thanks for the clarification.

Moderator: Thank you very much. As there are no further question from the participants, I now hand over the conference over to Mr. Mahantesh Sabarad. Please go ahead.

Mahantesh Sabarad: Thank you very much. Thank you Mr. Gopalakrishnan for taking some time out for this conference call and thank you Mr. Srinivasan for patiently answering the questions. I think we will be once again and watching the results herein onwards. So we will be waiting for the trigger of the bond repayments that happens. If you have any comments, you can go ahead.

C. P. Gopalakrishnan: I thank all the participants.

S. Srinivasan: Thank you all the participants for taking time. You are a constant support to us.

Mahantesh Sabarad: Thank you very much Sir.

Moderator: Thank you Mr. Srinivasan, Mr. Gopalakrishnan and Mr. Sabarad. Ladies and gentlemen on behalf of the SBI CAP Securities that concludes the conference call thank you for joining us. You may now disconnect your lines.