



## “Infotech Enterprise’s Earnings Conference Call”

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**Moderator:** Ladies and gentlemen good day and welcome to the Infotech Enterprises Q1 FY'13 earnings conference call hosted by Edelweiss Securities Limited. As a reminder for the duration of this conference all participants' lines are 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 the conference please signal an operator by pressing "\*" and then "0" on your touchtone telephone. Please note that this conference is been recorded. At this time I would like to hand the conference over to Mr. Sandip Agarwal from Edelweiss Securities. Thank you, and over to you Mr. Agarwal.

**Sandip Agarwal:** Good evening everyone. On behalf of Edelweiss let me welcome you all to Infotech Enterprises' Q1 FY'13 earnings call. We have the Senior Management of Infotech headed by Mr. B.V.R. Mohan Reddy along with senior members of the management team. Without further delay I will hand over the call to Mr. Ajay Aggarwal to start the proceedings. Thanks over to the management team.

**Ajay Aggarwal:** Good evening ladies and gentlemen. Welcome to our Q1 Results call. I am Ajay Aggarwal, the CFO for the Company. Also on the call from the senior management are Mr. Mohan Reddy, our Chairman and Managing Director, Mr. Krishna Bodanapu, President and COO, Mr. Ashok Reddy, Our President, Global HR and Corporate Affairs, Mr. John Renard, President of UT&C. Before I begin, I would to mention that some of the statements made in today's discussion made be forward-looking in nature and may involve risk and uncertainties. A detailed statement in this regard is available in our investor update, which has been emailed to you and is also posted on our corporate website.

I now invite Mr. Mohan Reddy to provide a brief overview of the Company's performance for the quarter ended June 30, 2012.

**B.V.R. Mohan Reddy:** Thank you Ajay and good evening to all of you ladies and gentlemen. I welcome you all to this Q1 Earnings call of Infotech Enterprises. Our business performance for the Q1 continues to be robust. We have seen volume growth and stable margins in spite of the adverse macroeconomic challenges around the world. Our order pipeline continues to be robust and we are confident of growing our business more than the industry average. The highest manpower additions have happened this quarter and this is only a small reflection of the confidence we have in our business.

The Carlyle Group bought 9.96% of stake in the secondary market, which is the strong endorsement of our company's long-term growth. We are improving our footprint in East Asia, in addition to our offices in Japan and in Malaysia we will now open our offices in South Korea and China during this quarter.

Now let me take you through the numbers. Revenue for the quarter was 4563.8 Million or it is Rs.456.4 Crores. The year-on-year growth is 31.6 per cent the quarter-on-quarter growth is 9.4%. Quarter-on-quarter growth on constant currency terms is 2.1%. I repeat quarter-on-quarter in constant currency terms is 2.1%. The operating profit was at Rs.851.8 Million or it is 85.2 Crores up by 96% year-on-year. The profit after tax was at Rs.647 Million or it is 64.7 Crores, an increase of 141% year-on-year.

Our operating margin is at 18.7% as against 19.8% in Q4 or 12.5% in Q1 of last year. Consistent OPM has been maintained between 18% and 21% for the last three quarters. We have had highest manpower additions in the last five quarters. Gross additions were at 915 and the net additions were at 464.

Other significant business highlights were there are 17 customers have been added during the quarter, 12 of them in our utilities telecom and content business and five in our engineering business. We received the Eighth Indo-American Corporate Excellence Award for the best Indian Company operating in US under the category Technology and Communications. We are at No.56 among the Top 100 Outsourcing Companies in the world as per 2012 Global Outsourcing 100 compiled by the International Association of Outsourcing Professionals, IOAP. During the quarter we opened a new office in Perth, Australia and in West Palm Beach in Florida. The salary increases have been rolled out and our cash balances including liquid investments were at Rs.482 Crores, CapEx spent for the quarter is at Rs.21 Crores.

With this I come to an end of my prepared remarks. Thanks for your patient. My management team and I will be happy to take questions now.

**Moderator:** Thank you very much. Our first question is from Yash Ved of India Infoline. Please go ahead.

**Yash Ved:** What are plans of FY'13 like in spite of the economic condition going forward, what will be your strategy on business performance?

**B.V.R. Mohan Reddy:** As I said in my opening remarks, our order pipeline continues to be a robust and we are confident of growing our business more than the industry average. The industry average has been put between 10% and 14% we will be more than 14%, I repeat we will be more than 14%. A reflection of that is the highest amount of manpower that we have added during the quarter that just reflection of the confidence that we have in business.

**Yash Ved:** What is the CapEx for FY'13 full year, if you can just tell me?

**Ajay Aggarwal:** For the quarter we have spent Rs.21 Crores and our full year budget as such it is about Rs.89 Crores so we may end up somewhere between Rs.70 Crores and Rs.90 Crores for the year as a whole.

- Yash Ved:** Last question just wanted to know any acquisition plans?
- B.V.R. Mohan Reddy:** Plans are always there. We continue to pursue certain opportunities and when we do the acquisition will certainly come back to all of you.
- Yash Ved:** Thank you.
- Moderator:** Thank you very much. A next question is from Srivatsan Ramachandran of Spark Capital. Please go ahead.
- S. Ramachandran:** My question was just on the kind of confidence we have in achieving north of 14% you did comment that 14% would be on the constant currency basis but even if we have to achieve that we need a pretty steep quarterly growth which we have not achieved possibly for two quarters in a row so just wanted to know do you see enough order wins already in the back to achieve this kind of growth and how are ramp up shaping up; do we see a steep increase in revenue growth from the coming quarters?
- Krishna Bodanapu:** The key reason why if you see the growth of this quarter we had two very strong business units which were UT&C, Utilities Telecom and Content and aero. The challenge came from HTH and specifically the challenge came from rail transportation in Europe. In rail transportation in Europe, the reason why we have the challenge in rail transportation in Europe was because of two things one is the one customer suspended work for this quarter because the work was for London underground and therefore they did not have access to actually executing the work so that was one big reason why we saw the dip and the second thing is with another large rail customer in Europe the ramp ups got pushed out by about a month and a half so they have just started in the middle of July. So in some ways the confidence also comes from the fact that it is the work that got pushed out and there was obviously a dip in transportation in Europe and we are fairly confident that that work is coming out back because that work by the end customer has been budgeted there are projects in place for the end customer to execute the projects and therefore we are fairly confident that that work will come back. Now once that works comes back and we continue to have the momentum in utilities specifically telecom and aero we believe that we have a fairly good pipeline to back up their numbers next quarter.
- S. Ramachandran:** Just to qualify that slightly more so in terms of a ramp down both in the telecom and the railway is pretty much done with?
- Krishna Bodanapu:** Telecom with BT which is completely done we are actually just....
- John Renard:** Telecom BT had an impact last year. We are not doing any work offshore on that project any more for BT, so we remain a supplier in BT but the ramp down, you are referring to that has

completely transitioned through in the last quarter and we have been able to fully utilize the resources and as you saw actually add some additional resources within the software business.

**S. Ramachandran:** My next questions was more on the couple of exceptional items that you have reported one of that Rs.1.81 Crores of exceptional, just can you give the nature and the most of the hit has been taken and the second is on we see the substantial spike in IASI Associate profits so just wanted to know is this the new runrate we need to factor in or is this more one of?

**Ajay Aggarwal:** Thanks Srivatsan. Ajay Aggarwal here. First one you said about the exceptional item let me give the background of this. For many years there has been in litigation with the service tax department like most of the IT companies are having on the same issue but then we have the manpower supply by the subsidiaries company overseas to IEL the parent companies, it is a transaction outside India and the service tax is not leviable, this is what was there up to the CESS tax and we got the judgment where we said no you should pay the service tax under Infotech. We have already paid the service tax the total amount involved was Rs.3 Crores and the good thing is whatever service tax we have to pay is also a credit available to us so same service tax we get back from the government, we being the exporters. The only issue was since it pertains to previous years there is an interest being also contested as the measure of conservatively we have provided for the interest also in the books, which is totaling to Rs.1.08 Crores. So as such this is completely paid on conservative scenario. There is no further down sight to it. That is the first comment about the exceptional item. Second item you talked about the IASI, I would say yes there has been an increase in the profit but IASI profit may marginally go up but I would call it more like a one of.

**S. Ramachandran:** So typically it used to be about Rs.3 Crores per quarter so that is a safe number?

**Ajay Aggarwal:** That is right.

**S. Ramachandran:** I will come back later. Thank you.

**B.V.R. Mohan Reddy:** Other point I like to make is what you said is a good observation that you know for last three quarters our growth has been fairly low 1.5 or something like that or 1.6 previous quarter 2.1 this quarter but you also look at it from a slightly different perspective that in financial year 2010-2011 the first quarter we had 14.8 you also had 10.1 and also in Q4 of 2010-2011 we had 7.6 and 5.1 so I think it is quite possible that will grow much faster certainly I think we are very confident about it to ensure that we get to that numbers that we are promising to the market.

**S. Ramachandran:** Sure thanks a lot.

**Moderator:** Thank you very much. Our next question is from Pratik Gandhi of IDBI Capital. Please go ahead.

**Pratik Gandhi:** My first question is on your topline growth rate assumption which you are saying that that will be more than 14% on constant currency terms. If I recollect rightly I think last quarter we gave a number of around 17% to 19% in constant currency, if we look at the current quarter number there is a 1.5% dollar growth rate versus 2.1% constant currency growth rate so eventually the impact of cross currencies are around 0.6% so just wanted to understand where the remaining 2.4% which is leading to a lower growth rate assumption now versus a quarter back?

**B.V.R. Mohan Reddy:** Well, I think Mr. Krishna explained to your Pratik that we had this little bit of push out in rail transportation business in Europe he explained to you the two customers in one specific case we were performing work for the customer for London underground and given the Olympics that are happening for security reasons there is stop for this work much ahead what was originally planned so therefore that work got pushed out and as a result we have a dip in that particular customer business for the current quarter and similarly there was one of the customer where ramp up did not happen as per plan so that was the reason why that you saw a difference in terms of a growth. So that we have to make it up at some point of time so given that you know we lost out a little bit on the first quarter we are saying which now we will probably do more than 14% every attempt will be made to go back to the numbers we said earlier.

**Pratik Gandhi:** In terms of your margins, I think this quarter was fairly good show in terms of overall margin the EBITDA margin at 18.7 per cent and now I think we are saying that because of the currency benefit we are likely to report between 18% to 20% so should we look at your margin closer to 20% or I think too early to comment on that?

**B.V.R. Mohan Reddy:** That is too early to comment right now Pratik. What we have said this quarter we did 18.7% one thing we have to notice of course is that we have got all salary increases behind us. All the employees of India as well as outside India have been covered and on an average the increase for Indian employee was 10% on average for a foreign employees was at 3% and we have covered everybody including our HR was little more excessive than it was in the past. The people who have completed more than six months typically we would review them on an annuity basis whenever their anniversary would happen as opposed to that they went ahead and reviewed them completed the reviews so that there will be no reviews that will happen during the current year and all of them have been implemented as of April 1. The payment would have gone out on June 30, but implementation started as effective April 1. So the salary increases which has been a biggest burden for the IT companies and which typically happens in the Q1 has already been completely factored in, in spite of factoring in we only lost out about a 110-basis points in our operating margins certainly yes the foreign exchange helped us. If the foreign exchange would be in the same way, we will definitely be in a position to do better than what we are doing.

**Pratik Gandhi:** Fair enough. I think just wanted to know on your employee fact I think we had a good quarter in terms of employee addition both at gross and net level, so just wanted to know how many employees of their 915 were freshers?

- Ashok Reddy:** Out of 915 about 374 are freshers and rest are all laterals.
- Pratik Gandhi:** Okay are we maintaining a full year hiring target of 1500 net level?
- Ashok Reddy:** Next quarter we plan to add about 750 people out of that we have 200 freshers joining on July 31.
- B.V.R. Mohan Reddy:** But we are maintaining that we will add net addition of 1500 for the current financial year.
- Pratik Gandhi:** Just last one on the tax rate to Ajay. Ajay, this quarter we have seen a sharp dip in the tax rate how should one model in the tax rate for FY'13 and 14?
- Ajay Aggarwal:** The ramp up on the SEZ we have been talking about the SEZ what we have done in what we have done in tier two cities and what we had also mentioned we have already taken one SEZ premises in Hyderabad so all that ramp up is showing as we speak about 700 people are operating in India out of the SEZ so that is the tax benefit which has come in the tax rate we feel that definitely as we have committed 1.5%-2% tax saving by the full year for the SEZ will definitely come.
- Pratik Gandhi:** Fair enough. Thank you so much.
- Moderator:** Thank you very much. Our next question is from Ravindra Agarwal of Capital Market. Please go ahead.
- R. Agarwal:** Regarding the growth guidance that you have given like on the expectations of doing more than 14% as committed by NASSCOM could you split on the verticals like what are your expectations on the engineering verticals UT&C Utility Telecom and content vertical?
- B.V.R. Mohan Reddy:** That will be about the same across the businesses. There will be slight differences with the subverticals but in general they will be about the same that is how we have originally started off and we believe that that will how it will be end up.
- R. Agarwal:** Sir and my next question is on the utilization like utilization on the utility business of 84% and on the engineering what is the outlook like how comfortable are we like what is the comfortable range that we are looking at across both the verticals?
- B.V.R. Mohan Reddy:** I think historically we been at between 82% and 84% in UT&C and we been at between 72% and 75% in engineering and that is where we will be for rest of the year also. Again it would fluctuate a little bit based on the freshers were added or when projects and so on so forth, but that is roughly where we will be for the year.

**R. Agarwal:** My last question is on the margin I mean considering that we have already done the salary wage increases and doing the forex impact could we expect the flattish margins on a Q-o-Q basis or like I mean any colour that you can provide on there?

**B.V.R. Mohan Reddy:** Right now if you look at our margins it has some amount of foreign exchange impact built into it because whatever we earn all that does not get reactivated here only half to get reactivated or the other way around that look at it is that you know whatever we earn half of it anyway left over there in overseas subsidiaries so the result is it is very difficult to say you know assuming that suppose the foreign exchange remains as it is at 55.2 what it was yesterday I do not know where it is today other point of time certainly the math's is it can definitely improve from what it is but is there the variation we will have the challenge with it. We do not know where it would go.

**R. Agarwal:** Sir on the hedges like it could split as you mentioned \$64 million in USD and in Euro 24 Million so could you split on the time period like I mean what are the hedges for this and are they completed for this quarter and I mean for the rest of the FY'13?

**B.V.R. Mohan Reddy:** You are looking at the outstanding hedges in the investor document I presume right?

**R. Agarwal:** Right.

**B.V.R. Mohan Reddy:** Each of these are very simple they are all up to September 2013 and more or less the distribution is even so you would have three quarters going forward for the current year in two quarters for the next year so that could be the ratio of it. For example 64 Million for three quarters will be in the current year in two quarters in the next year.

**R. Agarwal:** So these are spread over by five quarters?

**B.V.R. Mohan Reddy:** Five will be yes it is quite evenly distributed.

**R. Agarwal:** Right now that is it from my side. If I have any questions I will come back later. Thanks.

**Moderator:** Thank you very much. Our next question is from Dipen Shah of Kotak Securities. Please go ahead.

**Dipen Shah:** I had a couple of questions from the macro. You said that you have seen a pretty strong traction on the UTC as well as in aero Space can you just give us some more light or throw some more light on the trends, which we are seeing any specific subsegments and if possible the reasons why these segments are showing a strong growth is there any trend to it? Thank you very much.

**Krishna Bodanapu:** So I think will address some of the larger subsegments but basically in aerospace what we see is there is a lot of stability just because its long cycle project and these long cycle projects typically



have visibility that goes for many years and therefore there is stability. The second industry is rail transportation, and rail transportation yes where we have a challenge like I said specifically rail transportation, Europe because of some of the micro issues like one of our customers not having access to the underground for the upgrade and also there are some macro challenges in transportation and that is why even when we originally took our budget into account we expected that growth there would be very muted. The third is Hi-tech. HI-tech again tends to be a very cyclical industry and we are still in a strong part of the cycle. For the rest of the year we are fairly confident that we will see good growth, next year we still do not know because it renders a very cyclical industry ultimately. Heavy Engineering again it is a little bit of or there are lot of subindustries in that at an aggregate level we are seeing some pretty good growth in some of the customers and we have also added some customers added some very good customers in the last couple of years in Heavy Engineering which is really driving the growth over there. Again there are some macro challenges there but the quantity part that is the number of customers we have added and ramping up is taking care of a lot of those macro challenges. John you want to comment on that?

**John Renard:**

If I can just give you a quick update on the three subverticals. I take them in utilities what we are seeing is very stable and particularly, I think in North American, A-PAC there is still some good projects, we had a very good quarter in North America, we booked some more business including some new customers, telecom utility side is pretty good, they are expanding. There is a regulatory push around things like smart metering and AMI that is also helping, so the outlook on the utility side is fairly good. Telecom, I think generally in the industry it is quite tight. Everybody in terms of reporting right through from the large encumbrance treated the network equipment vendors times are quite hard I think we are waking you all (ph), we are seeing a little bit of softness with large North American customers and now particularly in the first three months of this year we think in the second half of the calendar year that the next two quarters for us it will be a little bit better and where we are offsetting some of the challenge there is been quite successful in adding some new customers over the last two quarters, we are getting some ramp up in that, so Telco as a sector and it is still quite difficult but we are fairing well and content again is very stable if I look at our largest two customers in content very, very stable with quarter-on-quarter growth. We have one large customer that is ramping up quite as good as we like and that is not really around budget or lack of opportunities, it is just really of getting the resources in place, but that should give us some significant rise in the next two or three quarters, so generally the outlook on my side of the business is reasonably good. I will take probably the one growth is North American Telco spend but I think we are behind that and generally I think Europe is just a little bit softer than probably some of the other regions, but I think that is and that is consistent with the macro environment.

**Dipen Shah:**

Fair enough. Thank you very much and all the best.

- Moderator:** Thank you very much. Our next question is from Anurag Purohit of Systematic Share and Stock Broking. Please go ahead.
- Anurag Purohit:** Good evening to the management. I had a question on the onsite and offshore mix, I wanted to understand where exactly are we reached so far in our funds to increase offshoring in some of the acquisition that we did in past and also if you could elaborate a bit more on the onsite offshore mix on quarter-on-quarter basis for both the verticals? Thanks.
- Krishna Bodanapu:** In terms of where we are with the acquisitions, I think we will talk about the latest acquisitions which are Daxcon and Wellsco because PPM which was the older acquisition it is fairly well integrated into the organization and I think we do not need to look at it isolation but I think we are we have had some challenges in terms of how we assume the offshoring will happen in both these acquisitions. We are still at a proud at an advocate level we are at about 10% to 15% of the hours from these acquisitions have been offshored at this point which again considering that there been about two years old its still a little bit lower than what we would like to see. The plans for this year was to go up to I think about 25% number of hours again in terms of revenue it will be lower than that but 25% in terms of number of hours and we are still working towards that in terms of the mix. In terms of offshore for this particular quarter in Q4 we were at 48%, in Q1 we are at 51% offshore. Now I will caveat a little bit by saying that there are a little bit of how we build revenue and how we will be at the whole process works it influencing that a little bit because the shift was not 320 basis points. The shift was more like probably about 100 basis points or so in terms of the offshore between last quarter and this quarter.
- Anurag Purohit:** But would the lower contribution of the engineering vertical also impact the overall onsite offshore mix in the quarter?
- John Renard:** If I locate it say within my vertical we saw as Krishna said, probably about just under 100 basis point increase in offshore, we said we want to be a 64-seat and we are almost exactly at that point, so I think to extent but I think as Krishna said it is probably slightly, it is not 100% represented and probably the onshore figure is slightly old between 14 and 50 offshore.
- Anurag Purohit:** My last question was to Ajay. If you could provide us how much was the loss as a reserve in the quarter?
- Ajay Aggarwal:** Loss in the reserve in the quarter, the total loss during the quarter would have been about 36 Crores on the forward contract. 6 Crores has been routed through the P&L and about 30 Crores has been taken to the reserves.
- Anurag Purohit:** Thank you and all the best.

- Moderator:** Thank you very much. Our next question is a followup question from Srivatsan Ramachandran of Spark Capital. Please go ahead.
- S. Ramachandran:** Ajay, just a couple of questions for you. Just wanted to get the margin bridge from last quarter to this quarter if you could just help us bridge the margin what are the wage hikes that would have been a negative effect impact of currency and is there any positive impact what it would be?
- Ajay Aggarwal:** Basically if you see there have been two major drivers on this, the salary hikes, which we have given all across the growth that has taken down the margin by about 370-basis points, the foreign exchange definitely has been favourable and we computed the whole gain on that to be about 290-basis point. That cleans small changes which are there in terms of the other minor changes I would say. These have been the two major drivers for it.
- S. Ramachandran:** The other question was on the cash generation because we had pretty decent healthy margins in the associates remained stable, but cash generation has been on the lower side. Just wanted to know has there been a very high advance tax payouts or any dividend payout as I thought it was a few Indian export of?
- Ajay Aggarwal:** As such if you see between the two quarters we have added about 3 Crores of cash and whatever we have generated from the operations has gone into the CapEx, 21 Crores of CapEx we have undertaken and if you see even for the same number of DSO 99 to 99 between the two periods we do consume about 77 Crores in increase in receivables and part of it has been offsetted by some other working capital changes, which very simple whatever you generate it from operations you will use for CapEx and increase in working capital and there have been no unusual items during the quarter.
- S. Ramachandran:** Thanks a lot Sir.
- Moderator:** Thank you very much. Our next question is from Pranav Tendulkar of Canara Robeco Asset Management. Please go ahead.
- Pranav Tendulkar:** I just wanted to ask what is driving spend in UT&C you see currently and do you see any change in the cycle where we have seen one quarter back and second question is about the pricing in this vertical? I just need to know that what is driving force behind UT&C deals that we are getting in the sense is it some different trend or different position in the cycle or is it anything that is driving this spend. Second thing is I just want to know what is the percent of GIs revenue in current quarter.
- John Renard:** I do not think there is any particularly different driving our business in the last quarter compared to the previous three quarters. We continue to make our shift away from this core traditional GI services and that is where we have been successful in terms of wins and the proportionate

revenue is increasing in some of the operational support services what we are doing in respect to Telco, we have got our first revenues around power engineering in the utility space where we were able to use some of our engineering skills to help some of our utility clients and some of the generation companies in terms of the network issues, so that is the constant evolution and we continue to follow our strategies so I do not see there has been any major changes in terms of your question around proportional GI I do not have the figure. The figures we will continue to see an increase in the new services or adjacent services that we have been working in ranged marked.

**Pranav Tendulkar:** Thanks.

**Moderator:** Thank you very much. Our next question is from Kunal Sangoi of Birla SunLife Asset Management. Please go ahead.

**Kunal Sangoi:** My question is Krishna you mentioned that on the rail side, you know you have a bit of softness, if I am not wrong, we did have about 800 people in the signaling interlocking and 100 people in the designing side?

**Krishna Bodanapu:** Kunal, you have to speak loudly please.

**Kunal Sangoi:** What I am asking is, Krishna, on the rail side you mentioned that there is softness and the outlook is slightly muted compared to the other verticals within engineering. We have about 800 people in the signaling interlocking and designing, in those projects that you mentioned, what happens to the resources there for the time being?

**Krishna Bodanapu:** Kunal basically we are using those resources for training and we are using them just to get some backlogs shed out so we are keeping those resources, again like I said it is only a deferment of projects, so it is not a loss or cancelation, therefore it will be about a quarter or two of unutilized resources in some segments, but again it does not effect the entire 800, it more than effects about 100 or 150 people who will have very low utilization.

**Kunal Sangoi:** Krishna is that a reflection of your utilization your engineering has come down this quarter. That is the reflection of that unutilized 150 people?

**Krishna Bodanapu:** So that is the answer Kunal. If we have low utilization of 150 people in our rail signaling business and that is reflecting back in utilization levels being lower.

**Kunal Sangoi:** Sure, second question is Mr. Reddy is there any trend that you see from captive sourcing perspective at this point in time given that lot of captives becomes suddenly economical and much more viable for your client companies, any particular trend that you would like to share?

**B.V.R. Mohan Reddy:** I think a couple of things that we are certainly seeing that some of the captives given and some of the challenges that we have in the global economies has stopped growing. That is one trend that we are seeing and as a result it projects certain amount of pressure on our resources. The second one is some of the large captives are also moving away from this very tactical way of just getting bodies from small companies, which is basically hedge hunting they are moving into a mode of more of strategic sourcing with partners, so we are actually working with one or two opportunities at this point in time, which would mean if the strategic relationship that we will have the captive itself with a complete blessing of the parent company too. So those are the two trends I can share with you.

**Kunal Sangoi:** So, when we look at even your top five or top 10 customers over the last three to four quarters, you know some time back maybe two or three years before these were some of the growth in these customers really accelerated the company level growth, we have not seen that kind of growth coming over the last one year. Could you maybe share some outlook there for your large customers because we have always seen lot of new customer additions obviously projects ramp up and they have actually you have got completed, so on a sustainable basis on large customer ramp up could you share some outlook?

**Krishna Bodanapu:** If you look at the growth in the large customers it has been, even you take last quarter versus this quarter I think in Rupee terms the overall growth has been 9.3% whereas the large customer growth, the Rupee growth has been 9.4%, last customer growth has been 9.3% and also if you look at the percentage of our top five or top 10 customers both top five and top 10, it has been pretty steady over the last four quarters, top 10 has actually been at 55.2% over the last four quarters, so therefore the growth has fairly evened out. I think, even as a strategy that is what we have been focusing on as a small set of customers and grow the small set of customers and essentially the growth has come from both large and small, I mean, I guess, the law of average takes something soft, but again as far as consistent growth it is not just a smaller newer customers or not, it is just being driven by large existing customers. The numbers are exactly the same.

**Kunal Sangoi:** I understand, it is being evenly across the top five and top 10 and may be beyond the other customers, but my question was more towards basically you will get scale at this kind of revenue base \$84 to \$85 quarterly runrate usually as your large customers ramp up is when you will see some acceleration in the growth rate, right, because those top 10 customers is where you know, Infotech is meaningful from their strategic perspective, and during your analyst meet also you had shared the plans to improve the market share within a lot of these customers, so I am wondering if there has been anything to worthwhile to share right now?

**Krishna Bodanapu:** Nothing specific at this point, Kunal. It is just we are doing what we said, we will do and we have seen at least the similar kind of growths and we will continue. Some of these customers suddenly accelerate there are some opportunities but again, I would not count on that because that also creates a different issue in terms of the risks and concentration.

- John Renard:** I think we talk of the investor meet around this key town plan process, so if that had a massive amount of attention and work, so we have the strategic clients, key towns rule our large customers and that is being earned across the business and they are absolutely basis how we keep growing and how we grow these large accounts, so in terms of what we talked about in January and the actions we have taken.
- Kunal Sangoi:** Sure that was helpful. John your business unit is now renamed to UT&C from N&CE?
- John Renard:** Yes. What we have done is the network, engineering which is a key part of what we are doing within the utilities and Telco's in line with air and H&H the markets were serving utilities and telecom and that is where it was logical to skill our business to utility and telecom. Yes, it is important that acronym comes out as UT&C or UTC, but one is utility and telecom and then the other business unit we have kept the same name that we just dropped the engineering so it is very single hand content and the primary markets we are looking at in content where we are getting some good traction and what we think it is an excellent opportunity of really into the mining and oil and gas exploration. So it is leveraging a lot of our geospace heritage and our skills around that manipulating managing option to large data test. So yes, you are right, I prefer to say UT and content because then it gives a little bit of differentiation and the voice of confusion, but yes, UT utilities and telecom and C for content.
- Kunal Sangoi:** Sure. Thank you and all the best.
- Moderator:** Thank you very much. Anyone who wishes to ask a question may press "\*" and "1" at this time. As there are no further questions from the participants, I would like to hand the floor back to Mr. Sandip Agarwal for closing comments.
- Sandip Agarwal:** Thank you everyone for participating in the call. I will hand over the call to Mr. Reddy for his closing remarks.
- B.V.R. Mohan Reddy:** Thanks all the participants for being present on this earnings call of ours. I would like to reconfirm that our order pipeline continues to be robust and we are confident of growing our business more than the industry average. Industry average is as 14% we are confident that we will grow more than 14% and as I said we added substantial and large number of people we continue to be on the growth path for adding more people and certainly we will meet those numbers that we are committed. Thank you very much again for participating in the call. We would like to thank Edelweiss for also facilitating the call for us. Thank you.
- Moderator:** Thank you very much members of the management. On behalf of Edelweiss Securities Limited that concludes this conference call. Thank you for joining. You may now disconnect your lines.