



“Infotech Enterprise’s Earnings Conference Call”

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Moderator: Ladies and gentlemen good evening and welcome to the Infotech Enterprises Limited Q3 FY'13 Earning Conference Call hosted by Edelweiss Securities Limited. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. At this time I would like to hand the conference to Mr. Sandeep Agarwal from Edelweiss Securities. Thank you and over to you Sir.

Sandeep Agarwal: Good evening everyone, on behalf of Edelweiss let me welcome you all to the Infotech Enterprises Q3 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 adieu, I will hand over the call to Mr. Ajay Aggarwal to start the proceedings. Thanks and over to you, Ajay.

Ajay Aggarwal: Good evening to everyone who is on the call and thanks for being on the call. I welcome you to the Q3 ended December 31, results call. I am Ajay Aggarwal, the CFO for Infotech. Also on the call with me are Chairman and Managing Director Mr. Mohan Reddy, Mr. Krishna Bodanapu, President and Chief Operating Officer, Mr. Ashok Reddy, President, Global HR and Corporate Affairs, Mr. John Renard, President, UT&C.

Before we begin I would like to mention that some of the statements made in today's discussion maybe forward-looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in our investor update, which has been mailed to you, is also posted in our corporate website. I now invite Mr. Mohan Reddy to provide a brief overview of the company's performance for the quarter ended December 31, 2012.

BVR Mohan Reddy: Thank you, Ajay. Good evening to all of you, ladies and gentlemen. I once again like to extend the warm welcome to all of you to this Q3 earnings call of the Infotech Enterprises. Coming up how the quarter looked to us was it was a stable Q3. We saw consistency in terms of performance on our margins as well as profitability. We had literally a flattish quarter. In spite of challenges in Europe and also with Hi-tech vertical we maintain the small revenue growth and of course as I said robust margins we believe some of these challenges are market driven, and also internal to the organization. Markets are certainly showing signs of recovery and actions are being taken to strengthen the internal organization. We hope to get back to a stronger growth path on revenues in the next one or two quarters. For we still believe that the long-term prospects for our business remain extremely strong.

Let me now take you through the numbers. Revenue for Q3 was at Rs. 475 Crores, so it is a year-on-year if you look at it is a 14% growth. Revenue in terms of US dollars, were at \$87.6 million,

which is a year-on-year a 7.3% growth or quarter-on-quarter it is a half percent growth. The operating profit was Rs. 88 Crores, which is up by 2.8% year-on-year. The operating margin percentage was at 18.5% for the quarter, which is stable. I believe it was 18.7% for the previous quarter. The net profit was 62 crores; up by 82% year-on-year. It is up 23% quarter-on-quarter. We actually paid interim dividend during this quarter at 40%. Rs.2 per share was paid out. Some of the other significant highlights where we added 11 new customers during the quarter, 2 were in our UT&C business and 9 were in engineering business. We were awarded the highest Productivity Supplier Award by Pratt and Whitney for the year 2012. We were awarded Lead India Gold Rating from India Green Building Council in which Manikonda Tower II was certified as a Green Building. Our new SEZ facility was inaugurated in Kakinada by Andhra Pradesh Chief Minister last Thursday.

Our day outstanding stands at 98 days as on December 31, 2012 as compared to 101 days as on September 30, 2012. Our cash balances including the liquid investments have crossed Rs. 500 Cr mark and its now at 508 Crores. With this I come to an end with my prepared remarks. Thank you very much for your patient hearing. I and my management team will be happy to take the questions now.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin with the questions and answer session. Our first question is from Srivatsan Ramachandran of Spark Capital. Please go ahead.

S. Ramachandran: I just wanted to understand the decline in the HTH segment, so a little bit more in detail. Was that one was furloughs another was due to cancellation? I just wondered when we can expect this to come back to revenues and what kind of growth prospects we see, not only in these telecoms, but in general in HTH?

Krishna Bodanapu: In terms of these furloughs and the impact of furloughs we will obviously not see that in Q3 or Q4 anymore because furloughs were very specific Q3 issue that we had. So we see that that impact will go away in Q3 or in Q4 and at least the customers where furloughs had an effect will no longer have an effect in Q4. Now the challenge that we have though is in the Hi-tech business at this point because the contract cancellation or it is not even a contract cancellation actually it was one of our customers closing down a division that we do a lot of work for and obviously when they close down that division the work with that we do for them also was stopped. Now that is the more long-term phenomenon and the thing that is causing a little uncertainty is also the fact that we have seen slow down in Hi-tech business in general. So, this slow down in Hi-tech business in general combined with the closure of this one division where again it is not a contract loss in the sense that we have not lost all our revenue we have lost about 90% of the revenue because that particular division was closed is going to create a challenge. Now we will see a growth in the HTH in Q4, but the thing is we have seen some very strong prospects in two paths

of HTH that is Heavy Engineering and Transportation, which is being offset to a great extent by the weakness that we are seeing in the Hi-Tech segment. So, to answer your question we will see growth but the challenge right now that we have is in the Hi-tech segment. At this point it is a push but we still need to assess the exact impact of how much will that be.

S. Ramachandran: Sure. And in terms of similar on the Content side also, is it more customer-specific issues that are causing kind of pretty volatile performance in the Content side, and what kind of growth prospects do you see for the Content?

John Renard: Obviously the Content business in fact it is a smaller business where all the percentages look very high in absolute terms. The good news is that our key top three accounts performed very well during the quarter; and I think most importantly, in the mining area in particular, in a couple of our accounts, we saw some good ramp up and that has what has contributed to the 18% in our PDU. Where we had a challenging Q3, and it was really fairly specific was three of our customers were going through a merger in North America Digital Globe and GeoEye in the commercial geospacial space. That is now approved. That has slowed down the volume of work from both these organizations and we also had a couple of other projects in that geospace where we did not get the source materials in time, so we were not able to turn round the production. We now have that data, so content, we are in pretty good shape and so interesting, good pipeline and good ramp up on the projects we have.

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

Moderator: Thank you very much. Our next question is from Praveen Kumar of Arihant Capital. Please go ahead.

Praveen Kumar: My question pertains to the growth sectors what we are witnessing in the start of the H2, FY '13. So for the Q3, of course, we have experienced some set of furloughs and ex-project cancellations, but I want you to throw some color on the associated for the further 5% sort of average growth, which you have given for the H2. So, just want you to throw some color on various associated for the Q4 for this 5% sort of growth?

BVR Mohan Reddy: If you look at what happened during the current quarter there were two aggressions that we talked about. One was there was an unexpected furlough from one of our large customers in HTH vertical and the second one was one of the divisions from one of our Hi-tech verticals cancelled the contract and as a result we had a shortfall in terms of revenue. We also had a few challenges in terms of Europe, because it was very traditional October, November, December quarter. As Krishna explained at length in the HTH vertical, we are certainly seeing that the heavy equipment as well as transportation will certainly see a growth during the Q4 but there is a gap in the Hi-tech vertical, which we are doing and every effort is being made to fill that particular gap. In the Aerospace vertical where you also saw a very marginal growth that was definitely on a quarter,

which was having a number of holidays. We still have some challenges so we think we probably have stable Aerospace business for the next quarter. And between UT&C will also be fairly stable so if you combine all of them we certainly believe that as we see today it is very stable but I think there are some upsides, which are potentially possible for us to capture. Krishna, do you want to add something more?

Krishna Bodanapu: We would not comment on the numbers at this point but if you just look at the business by vertical we have to claw back some of the lost revenues especially in the Hi-tech space because that was going to be a quite a challenge for us and therefore we will have to claw back some of the lost revenue in that space therefore we will have a risk in Q4 and we are working on how best to mitigate that risk at this point.

Praveen Kumar: So the average 5% growth that we are giving for H2 FY '13 at the start of the half, it is largely driven by the volume growth. So, still we are witnessing the volume growth that could record the set of volumes, which we had discounted in the H2 FY '13 for Q4?

BVR Mohan Reddy: It is difficult to answer this question as we say right now. What we are seeing at this point of time is a stable Q4 there are some upsides, which we are still working on and that upside could provide growth for the next quarter.

Praveen Kumar: Okay, fine. And my second question pertains to our efforts towards the winning the new set of business through the channel of Carlyle, so I just want you to throw some color on what's the progress over there?

Krishna Bodanapu: We have some very good introductions from them and we are in various stages of the sales process. We cannot comment on anything specific but there are various things in various parts of the process and that has been very helpful with the introductions, as we have first invested in the company.

Praveen Kumar: Thank you.

Moderator: Thank you. We will take our next question from Dipen Shah of Kotak Securities. Please go ahead.

Dipen Shah: I just had a slightly macro question. If you can just throw some light on how are the trends currently; you have mentioned that things are looking up, so if you can be slightly more specific and some of the sub-verticals, if you can just give us some color on?

BVR Mohan Reddy: Absolutely, if you look at our business by the various segments that we are in we have seen aerospace will be a fairly stable and I will comment on all this from a macro perspective. Aerospace will be a fairly stable business. There would not be any significant ups or downs at

least in the 12 to 24 months in the aerospace business. The second business is the telecom business. The telecom business also tends to be or will also remains to be a fairly a flat business though if you look at the general market we do see some challenges in that business and that is also reflected in how telecom has performed for everybody else. So telecom will be flat but may be with slightly negative touch. The negative part will be transportation. Transportation primarily being rail transportation, we have seen good upside in rail transportation and that is again being reflected both in our business and how our customer businesses is performing. Next if you look at utilities, utilities is looking positive from a macro perspective and I think that has also reflected both in how our utilities business performed in this particular quarter and also how utilities in general are performing for everybody else. So utilities we believe, is on a pretty strong sector at this point. Then heavy engineering business will also look fairly challenging at this point though there are some specifics but in general heavy engineering will be a challenging business and the last one is Hi-tech were we are seeing the early signs of some slowdown, which have affected us first just because of specific customer situation from a macro perspective we think Hi-tech will see some slowdown going forward.

- Dipen Shah:** And if you can just maybe guide us on the margin front as to how do you see them going ahead?
- BVR Mohan Reddy:** In terms of margins we believe that we can maintain stable margins. Even if we look at this quarter in spite of not too much volume growth we have still been able to maintain flat margins. We are doing everything that we can upfront to maintain and manage our costs. We will make sure that margins remain at the stable situation at this point.
- Dipen Shah:** And just maybe if you have a data point, how much of our business will be annuity and how much would be more as a project-based business, which we have as a total part of the revenue?
- BVR Mohan Reddy:** It will be very difficult to classify in our case because there are various things so it is difficult to classify that.
- Dipen Shah:** Okay thank you very much all the best.
- Moderator:** Thank you. We will take our next question from Pratik Gandhi of IDBI Capital. Please go ahead.
- Pratik Gandhi:** My question was largely again on the margin front. I think say in the next few quarters will be slightly challenging on account of some slowdown in the semiconductor space. So do you see that the margins will be reset to slightly lower levels going forward?
- BVR Mohan Reddy:** We are saying at this point of time we will maintain stable margins because while there is a challenge in Hi-tech there is also an enormous amount of effort going on to make sure we can backfill that particular gap that we have with our customers. We probably also would put a few

cost control measures in place as a result of it at this point of time the management is fairly confident that we will have stable margins.

Krishna Bodanapu: The only other thing I will add on that though is Q1 will see salary increases for associates. Now it would not be at the same level as it has been in the past. So there will be the usual cyclical nature of Q1 that will come in but we believe that there is also good growth outside of Hi-tech, which will start kicking in and which we have seen some contracts because we have added 11 new customers in the last quarter. So, all put together we believe that we can still maintain the margins with the usual sort of cyclical nature that would be there.

Pratik Gandhi: Fair enough. So is it fair to assume that we can come back to, say 3% to 4% kind of quarterly growth rate say in Q2 FY '14 onwards?

Krishna Bodanapu: Yes absolutely. I think the one challenge that we have is Q4 obviously that we talked about but looking out and little bit we do see some good ramp ups and we do see some good things coming back especially if you look at things like furloughs there only a one term thing so absolutely we are confident.

Pratik Gandhi: And just one data point on the gross adds in the current quarter?

Ashok Reddy: 656 is the gross additions for the current quarter.

Pratik Gandhi: Thank you so much.

Moderator: Thank you very much. Our next question is from Mr. Sandip Agarwal of Edelweiss Securities. Please go ahead.

Sandip Agarwal: Just one question from you today if you see NASSCOM probably has been reflecting that they will revisit their FY'14 guidance. So, just wanted you to throw some light what is going on, on the demand scenario although we are aware that things have improved a bit in last few months but if you can elaborate on one or two verticals primarily and where you are seeing the demand coming in that will be good?

BVR Mohan Reddy: I think if you look at which are the verticals that we are in we are largely in manufacturing in within manufacturing we have aerospace, we have heavy equipment, we have our transportation we have Hi-technology, consumer electronics that is in the manufacturing portfolio that we have. We also have utilities telecom and Content as a horizontal, which runs across a few verticals. Now as we explained so far aero looks stable at this point of time. The only concern that we have in the aero at the macro level is that the governmental spending on defense in US has come down substantially and that we do not have any exposure to defense so therefore we may not have challenges but the same time there are a number of workers will probably get released from

defense projects for available for commercial projects back in US itself. That may play little bit of dynamics associated with it but we believe that it might not affect us at all as far as the aerospace business is concerned. The Aerospace business in Europe had a few small little challenges. That is the reason why that largely to do with the Christmas holidays and so and so on so forth that is where you saw a shift also in our own business in Europe coming down for Q3. Moving forward we think that in our aerospace business will be stable, that is what I think Krishna said also earlier nothing very radically moving up or radically going down. On the heavy equipment business we certainly are seeing some opportunity. Before I get there actually we closed a fairly a large contracts in the aerospace business in the last quarter. One amongst those 11 we are talking about and that will start ramping up during the current quarter itself that should definitely help us in terms of growing our business in aerospace. The second vertical that we have is a large one is the heavy equipment vertical that we have that largely got impacted in Q3 because of the challenges we had in furlough days with one of our customers, which came as the originally it was supposed to be five I think it went all the way to about 12 or so that is where the impact came and because there was also a large onset component that was associated with it. But on the whole we are saying as of now for at least another three four quarters there would not be a major challenge with the heavy equipment. So, also is with the transportation vertical we are seeing sizable amount of infrastructure projects happening because transportation to us is rail transportation. And the Hi-tech, yes we are seeing some signs. It has been a cyclical business. Historically if you look at it every four five years there is a small little challenges that are there may be we saw little early signs of it but we are still not very sure about it. We think we can go after the rest of the customers and make sure that we do not have those challenges within the Hi-tech vertical. In utilities our pipeline is very strong I would say that John is it right by saying that it is one of the strongest quarters in terms of order booking.

John Renard: Certainly, we had a fairly strong order intake. So, yes, and we added to the order book.

BVR Mohan Reddy: Telecom is the other one that we talked about is stable at this juncture. We do not see that it is going to grow anything very dramatic in the coming quarters. So, on the whole if you look at it the macroeconomic situation globally at this point of time these two large markets that Indian companies operate in US as well as in Europe it is not anything changed in the last few months. It is fairly stable there are some signs of recovery so what we would say is we will move forward with cautious optimism. We are optimistic that things will be positive but we are very cautious at this point of time so I will sum it up by saying our perspective of the industry today is cautious optimism.

Sandip Agarwal: One more follow up question we have seen a decline in general and administrative expenses on quarter-on-quarter basis so any specific reason for that to come now?

BVR Mohan Reddy: If you look at quarter-on-quarter there were some items which are one of in the previous quarter for example there was a study, which were done through a consultancy which was there in last quarter it was not there in this quarter, plus was also some of the expenses like sales commissions and all they have been adjusted looking at the latest volumes and latest performance and those are the major drivers of the decline on those G&A cost.

Sandip Agarwal: Thanks. That is from my side.

Moderator: Thank you. Our next question is from Urmil Shah of Kim Eng Securities. Please go ahead.

Urmil Shah: Thanks for taking my question. Sir just needed a bit of more color on the margin levers for the next two quarters; this quarter, where we had a benefit from a higher offshore shift while lower utilization had a negative impact. What do you think would be the levers to maintain margins when the growth would be muted?

BVR Mohan Reddy: I believe some of our utility business will move a little more towards the offshore and as a result that should help us in terms of maintaining our margins. The second lever that we have is we have actually in the course of the last six months we have added more trainees who are now come into existence as opposed to a senior staff so that certainly should bring down our wage cost, which means that it should definitely help us in terms of making sure that we have the margins are maintained. Our salary wage bill, as Krishna comment it in Q1 if possibly can go up because of the wage hikes. We are still not very sure how much is the wage hike would come by. It all depends upon several factors, which still are not clear to us. So we are not still make any announcement about how much is the wage hike that will happen. So, therefore we still will continue to have offshore we will have the lever in terms of more trainees getting into the system as opposed to senior people. A third one that we have also seen is that our productivity certainly is improving and as a result of you know you might have seen the utilization is down but if you continue to keep a pressure on a productivity and improve on the utilization it will certainly help us in terms of maintaining the margins.

Urmil Shah: Thank you.

Moderator: Thank you. Our next question is from Sandeep Muthangi of IIFL. Please go ahead.

Sandeep Muthangi: Very good operational performance, despite the low growth. I wanted to congratulate you on that. I had a question on the overall positioning that you seem to be giving. I am just looking at the commentary vertical-wise, and you are saying some of your major businesses like Aerospace or Telecom, etc., are looking stable. I take it for a sort of re-growth. And some of these verticals, there seem to be some challenges. Hi-Tech, for instance, you are clearly guiding down, etc. Despite so-called weak outlook when I go by each vertical. You are saying things are improving on the margin. I am just trying to reconcile that. Is there something that the clients are telling you

that next year maybe the budgets will be more, or will do more work with you, or are you just being overly cautious when guiding for each of these verticals?

BVR Mohan Reddy: What we are sharing with you is the very pragmatic view what we have from our customers itself. We have seen the budgets from some of our large customers we have seen purchase orders coming from large customers. That is that what is making us makes statements that Aerospace and Telecom would be fairly a stable at this point of time. We have guided you also upwards in Transportation. We have guided you upwards in terms of Heavy Equipments whereas it comes to Hi-tech especially I guess me and management team is little concerned especially because the last six weeks we had this setback with one of these large customers in this Hi-Tech vertical but what makes us feel very optimistic is that look in Hi-tech we probably have a little stronger client concentration and some of those resources, which are getting released can definitely be useful with other customers will excessively pursue the other customers and make sure will try to make up for that so that is what makes us feel still optimistic but we are saying that with caution.

Sandeep Muthangi: So looking into the year ahead you think you are at a better position this time around and last year same time?

Krishna Bodanapu: I think there are two things one is the macroeconomic situation I think especially in some of these verticals is not as clear as it was last year but I think with where we stand with our customers and therefore around sort of certainty of revenue and therefore budgeting, I think we are a little bit more confident. So I think from a micro perspective I think we are a little bit more confident, from a macro perspective we are a little bit less confidence. So I do not know how to translate. It is an effect or a multiplier effect? I do not know so that is where we stand.

Sandeep Muthangi: That is great, Krishna. Just one question I had. So I am looking at the kind of acquisitions that you've made in the past. They turned out to be pretty good, both in the Telecom and the Heavy Equipment space; and you have diversified the business and things like that. You are having your highest ever cash balance, etc. Are you actively looking at any other acquisition to diversify into new areas, or to strengthen in some areas?

Krishna Bodanapu: Sandeep we have always said that inorganic growth is a part of our business strategy. We have been very aggressively pursuing acquisitions. We now have a new Chief for our M&A activity a gentleman called Sujeet Kumar. He has been with Infotech since long. He now have new role and we are relooking at all the strategies that we are followed so far in M&A and obviously yes with the Rs. 500+ crores of cash that we have with us, we do have a pressure from our investors too in terms of deploying that cash for a better return on equity as opposed to getting about 9% or 9.5% pretax return as interest on that money. So, therefore there is a considerable amount of pressure on us we have potential list with us. As we always said we are a company, which likes to look at the right valuation. Today also there was a discussion, a debate in our Board. We actually added a new Board member to the Board of Directors today that is Shankar Narayanan

from Carlyle so he also had some more thoughts and what we should be doing in terms of the M&A. So, it has been something, which is very active on our desks and we will continue to pursue them.

Sandeep Muthangi: Thanks.

Moderator: Thank you very much. Our next question is from Hari Bhaskar, Anush Shares & Securities. Please go ahead.

Hari Bhaskar: Sir, I need certain clarification on the total number of seats added in SEZ space?

Ajay Aggarwal: So as we speak, as of now the total number of people, which are, operating out of SEZ in India is 1300. If you look at the beginning of the last quarter, this number was around 900; so about 400 people have been added during the quarter.

Hari Bhaskar: Fine, sir. And what would be the tax benefit out of it, sir?

Ajay Aggarwal: The tax benefit of this would be about 1% if you see, but what happens is some of them would have been added at the middle of the month, some of them at the end of the month, so in a steady state the benefit roughly is for every 300 people we get 1% tax benefit. That is how it impacts.

Hari Bhaskar: Fine Sir. Thank you.

Moderator: Thank you. Our next question is from Srivatsan Ramachandran of Spark Capital. Please go ahead.

S. Ramachandran: I just wanted to know, particularly around this time we get price hikes from couple of customers, any thoughts on are any customers angling towards a price hike, maybe some of them at least?

BVR Mohan Reddy: I do not think so Srivatsan this time; I think price increases could be very tough. At least they will not be consistent with the contracts that we have with them or even if we get these increases, which is possible, I believe in some of the customers, but they will not be the same. If there is 3% increase people have talked about 2% at this point of time, so that is how the mood of the customers are, but certainly there is no pressure in terms of price decreases, and that is how you also saw that the impact of pricing was just zero for the current quarter or the Q3. But price increases people are not openly saying yes, come and take the increases, but they are trying to negotiate and there will be certain amount of pressure in price increases.

Krishna Bodanapu: To add to that, with some customers we are fairly confident that we will get certain price increases. For example, with our largest and third largest customer there is some price increases that will come through, whereas with our second largest and fourth largest there is going to be

flat pricing in spite of contracted numbers. So net-net if we add everything what we believe is there is not a downward pricing pressure, but there is also not going to be a very strong price increase this time around.

S. Ramachandran: Sure. And my last question is any thoughts on fresher hiring for FY '14?

BVR Mohan Reddy: I believe the numbers so far, business has indicated to us is about 450 people. That is the numbers that has been given to HR. So 450 freshers out of which I believe they have given about 150 offers already somewhere around that number, and just to be a little cautious there we are going to go up to 300 before we relook at it, that is where we are. This is the number that HR has, but we are saying 150 are given we will allow one more 150 and then we will give 100 more, but again, we do see some good growth in some areas.

S. Ramachandran: Thank you.

Moderator: Thank you very much. Our next question is from Kavita Vempally from Nirmal Bang Securities. Please go ahead.

Kavita Vempally: Thanks for taking my question. Sir, my question is the loss of the client in this current quarter, so the complete impact is already reflected in the current quarter?

BVR Mohan Reddy: Not complete impact. We will still see a little bit more delta in Q4.

Kavita Vempally: And, sir, secondly, we have added two customers in the NCE segment, so I think it is the lowest in the past couple of quarters, your thoughts about that, Sir?

BVR Mohan Reddy: Not necessarily you will see number of customers added is a reflection of our business. Actually, as I said, and John could supplement me, we saw one of the strongest quarters in Utilities in terms of our order booking, but order pipeline came in from our existing customers as opposed to new customers. So, new customer's addition is not necessarily a reflection of saying, which we are going to add on more amount of business. John you might like to add something more?

John Renard: I think you are right, because the number is a little bit low that historically we have had and I can give you some reassurance that we got already between the first of January and 17th today we have already added four new customers, so we are actually headed that number before Q3, so a little bit of it was timing. Mohan is absolutely right. Our order intake in Q3 was still very good, and I think the other thing is important and I think you are going to see that figure being a little bit lower moving forward and certainly low than on the engineering side is that quite a load of our work is coming through partners and consortiums so we are not counting. For example, we think we have some work in the Middle East telcos, but that has actually contracted through one of the big OEMs, so although it is a new end customer if you like and it is a new contract, we are

not counting in that number because it is into an existing area. In that case is Ericsson, we already work with, same thing in Australia; it is in South East Asia we have started work on utility, in the Philippines. And although that is again a new end customer because we are working with GE on an existing partnership and we do a lot of work with GE in their Digital Energy division, again, we are not counting that as a new customer, so couple of things that influence that number. Does that make sense?

Kavita Vempally: Okay perfect. And, sir, just your tax rate projection for FY '14, Sir?

BVR Mohan Reddy: We are still working on the budget for the next year, so I would not like to put a number. As we have been speaking in all our interactions, we have a very huge focus to improve this tax position. The main lever being our increased business from SEZ and we keep on adding all our incremental business in SEZ. So we will come to a number, I think after the budgeting exercise, but as we have generally said we look forward to at least 2% correction in tax rate, each of the year in the next couple of years.

Kavita Vempally: Okay. Thank you once again, and all the best.

Moderator: Thank you very much. As there are no further questions from the participants, I would now like to hand the floor back to Mr. Sandeep Agarwal for closing comments.

Sandeep Agarwal: Thank you. Thanks everyone for participating in the call. I will hand over the call to Mr. Reddy for his closing remarks. Over to you, Mr. Reddy.

BVR Mohan Reddy: Thank you Sandeep. Thanks to all the participants. We would like to again reconfirm that we have had a stable quarter. As the outlook looks stable at this point of time, but there is an upside that we could always capture as we move into this quarter. Thank you very much for participating in the call. Thank you for interesting questions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Edelweiss Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.