MindTree Consulting Ltd.
Investors/Analysts Conference Call
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Moderator: Good evening ladies and gentleman. I am Gaurav, the moderator, for this conference. Welcome to the fiscal 2008 second quarter results conference call for MindTree Consulting Limited. For the duration of the presentation, all participant lines will be in the listen-only mode. After the presentation the Q&A session will be conducted for participants connected to the WebEx international bridge. After that the Q&A session will be conducted for the participants in India. I would now like to handover proceedings to Mr. Bhaskar. Thank you and over to you sir.

Bhaskar: Thanks Gaurav. Good evening everyone and welcome to the earnings conference call to discuss MindTree Consulting's financial results for the quarter ending September 30, 2007. My name is Bhaskar and I am from the Investor Relations team in Bangalore. Joining us today on this conference call are Mr. Ashok Soota, Chairman and Managing Director, Mr. Subroto Bagchi, Chief Operating Officer, Mr. N. Krishnakumar, President & CEO IT Services, Mr. S. Janakiraman, President & CEO R&D Services, Mr. Rostow Ravanan, CFO and Mr. Puneet Jetli, Vice President and Global Head - People Function along with the other members of the senior management. The agenda for the session is as follows: Ashok and Rostow will begin with the brief overview of the company's performance followed by the Q&A session. I would like to start by giving a safe-harbor statement. During the course of the call we could make forward looking statements. These statements are considering the environment we see as of today. These statements obviously carry a risk in terms of uncertainty because of which the actual results could be different. We do not undertake to update these statements periodically, and with that I would like to hand the call over to Mr. Ashok Soota.

Ashok Soota: Thank you Bhaskar. Good evening and welcome to the analyst conference call at the end of quarter Q2 for our financial year 2007-2008. MindTree's Q2 Total Income was $47.4 million and in dollar terms, this represents a quarter-over-quarter growth of 17% and year-over-year growth of 41.2%. In Indian rupee terms, the Q2 total income grew 14.4% quarter-over-quarter and 23.4% year-over-year. For the first half of the year the total income was $87.9 million representing a growth of 38.3% in US dollars and 23.6% in Indian rupee terms over the same period last year.

The Q2 PAT percentage grew to 14.1% is compared to 12.3% in Q1 and in US dollar terms this represents a growth of 34.6% Q/Q and 38.7% Y/Y and in Indian rupee term this is a growth of 31.8% Q/Q and 21.2% Y/Y.

The business continues to show good growth and momentum. We are seeing accelerated growth and have improved the quality and diversity of our revenues. We added 28 customers this quarter and have 192 active customers at the end of Q2. Of these we have 41 customers of $1 million and above and this has gone up from 34 numbers in that category last quarter. We have five customers of $5 million and above and this has gone up from 4 in the previous quarter. We have two $10 million customers. We added three Fortune 500 customers including a global financial services firm and a world leader in consumer electronics.

We continue to make investments and strengthening our domain capability, improving operational efficiency and productivity. The development of the Chennai SEZ facility is progressing per plan and we plan to take possession on an incremental basis from November 07 onwards.

Our people brand continues to be strong. On a gross basis we added 784 people during the quarter. You may remember that in July we had 450 plus graduates joining us from the campus and on 15th October we had the next batch of 560 plus graduates joining us from various colleges from the country. The attrition on a trailing 12 month basis was 15.7%.

If I were to highlight one area of concern and challenge and that is the continued appreciation of the rupee is certainly a major area of concern. Now with this let me pass this on to my colleague Rostow to share a few other highlights and we will thereafter open the floor for questions.

Rostow Ravanan: Thank you Ashok. Good afternoon, good evening to all the participants in Asia and good morning to all the participants joining in from the US. Some of the additional highlights that we would like to share with you on Q2 results are that this quarter saw our fee income growing by 16.1%. Of that 16.1%, 12.7% came from volume growth and 3.4% came from price growth. So therefore if you look at our last few quarter trends we are coming off very strong growth, the March quarter grew at 9.1% sequential over the previous December quarter. The June quarters saw 9.9% growth over the previous quarter and this quarter we are seeing a 15.3% quarter-on-quarter growth. So the business momentum continues to be strong and the environment continues to be strong for us.

The impact of the rupee appreciation was a little lower in this quarter. During the quarter the rupee appreciated by about 2.2% so the impact of the rupee appreciation this quarter was a little lesser. To counter the rupee appreciation we used some of the margin levers that we are working on our business. SG&A reduced as a percentage of sales over this quarter. We also improved our utilization; the utilization excluding trainees this quarter was 69.1% as compared to 65.1% in the previous quarter and like I mentioned before our realized rates improved by 3.4%. All these allowed us to grow margins in spite of the appreciating rupee.

As of 30th September, our outstanding foreign exchange hedges are $127 million and this compares to $69 million worth of hedges we had as of 30th June. Of the hedges, we have as on 30th September approximately $50 million dollar worth of hedge are for the remainder of the next 12 months and the balance is for the period of next 60 months.

These are the highlights we wanted to give for the current quarter. We continue to see our business fundamentals and customer traction to be very strong. Therefore, we are reaffirming the guidance that we gave at the end of last quarter. Our guidance continues to be $178 to $180 million range in dollar terms on revenues for 2007-08 and our PAT guidance continues to be $22.5 to $22.6 million for this year. With that we would like to open the floor for Q&A. We are handing it back to you for Q&A.

Moderator: Thank you very much sir. At this moment I would like to handover the proceedings to Brent to conduct the Q&A for participants connected to WebEx international bridge. After this we will have a question and answer session for participants at India, thank you and over to Brent.

International Moderator: Thank you Gaurav. We will now begin the Q&A session for participants connected to the WebEx international bridge, please press *1 to ask a question. The first question is from Bhuvnesh Singh with Credit Suisse.

Bhuvnesh Singh: Sir, congratulations on good results. I was slightly confused about your net profit guidance for the full year. It sort of implies that second half net profits would be slightly lower than the first half. Can you just try to explain that please?

Rostow Ravanan: The second half net profit will continue to maintain the same trend where we are. If you see our current net profit around 4.9 million for quarter 1 and 6.7 for quarter 2 and so that's about 11.6 million. We continue the same trend for the rest of the year. So we are not seeing any decline in profits in a sense as of now, but obviously that assumes that the rupee-dollar rate at least continues to remain at the level where it is right now, on that basis we do not see a profit decline from where we are.

Bhuvnesh Singh: Rostow, your full year guidance is 22.6 million given that you have already done 11.6 at best it implies 11 million for the next 2 quarters. The second thing is on revenue there will be some growth so unless you are building a significant decline in margin this guidance is somewhat more conservative than what it should be.

Rostow Ravanan: The guidance if you remember Bhuvnesh was done when the rupee was 41 and now it probably is running at 39.50. What we are trying to do is still meet the guidance even with 2.2% or so appreciation of the rupee, so that is why if we are not predicting a decline in the margin per se. The impact that we are seeing is because of the rupee appreciation.

Ashok Soota: Perhaps Bhuvnesh we should start with the revenue guidance per se if that may look like as being a good case for us to have reviewed it, but the reasons for this if I were to highlight there are three or four. First of course the fact that you all keep pointing out in your various analysis is that MindTree has much higher application development part of our business than the larger players and therefore to that extent, you know there can be cycles where projects end then a new business has to be brought in and to that extent I think that it is appropriate for us to be more conservative in terms of projecting the second half of the year. Second thing is that because of the higher application development and the link more to hourly rates as compared to a monthly maintenance price, we do always have a dip in Q3 or difficult to grow I would say because of the number of working days goes down very significantly. High number of holidays in both October and November in India and high number of holidays in December again in the West and also partly here and that has its impact and then of course we hopefully take advantage of the higher number of working days in the 4th quarter. And the last factor is of course what is happening around us on the subprime issue, you know whereas it does not affect in terms of any of our existing business we clearly do see that there could be little delays in some new business getting either settled or ramping up, so little uncertainty while the players concerned look around and we felt given all of these it was appropriate for us to stick to our revenue guidance and I say by and large the profit guidance revenue has flown from this that is the same number for the year. We have not altered the profit guidance.

Bhuvnesh Singh: Just one last query from me. How do you expect margins should move in next couple of quarters? Is the current level of 12% EBIT margin sustainable or how should it move?

Rostow Ravanan: The margins should remain at the same level. Again the disclaimer will be depending upon where the rupee is. From an operational angle we would try and do our best and improve wherever we have either scope for belt tightening or efficiency improvements etc. Assuming the rupee stays the same we should probably trend to the same levels of margin.

Bhuvnesh Singh: Thanks a lot.

Ashok Soota: Thank you.

International Moderator: At this moment, there are no further questions from participants from WebEx International Center. Now I would like to hand over the proceedings back to Gaurav.

Moderator: Thank you very much Brent. We will now begin the Q&A interactive sessions for participants connected to the India Bridge. Participants who wish to ask questions may please *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first in line basis. Participants are requested to use only handsets while asking the questions. To ask question participants my please press *1 now. First in line, we have Mr. Rishi Maheswari from NetWorth.

Rishi: Hi, congratulations on a good quarter. My question pertains to your performance in the R&D sector. Can you just highlight on the client wins in that sector, what were the margins like in that sector, I perceived a significant change in the communication appliances over there, this is for the second straight quarter, could you also give us a highlight on how is perceived environment in the west so that why is that remarkable dip in the communication?

Ashok Soota: Well thank you. First thing I would like to say is that R&D services business has certainly bounced back and has contributed very well to the what you have noticed has been very good results for the quarter. In fact, I would like to highlight that overall we do think these results are significantly better than almost all the other companies in our space which have announced results so far and this has clearly come about because, both the businesses as well as all of the geographies has contributed very strongly towards the same. Now with this let me hand this over to my colleague Janakiraman popularly known as Jani who is going to tell you more specific responses to your question.

S. Janakiraman: Rishi the communication side of the segment we had a pretty descent growth and we had something like 11% growth over the previous quarter and this has been mainly due to the customers that we had added in the previous quarter which has started yielding results and in addition to that we have added new customers in this space which are in the equipment side of the business and they are much more in the datacom and enterprise network equipment market where there seems to be a growth that has been happening in the market and that is a reflection in terms of more R&D investment in that area and more outsourcing from companies like us.

Rishi: Right, any color in the margins of this business as it improve to and also any comment on your IP you were expected to produce something on the licensing as well as royalty basis, is it the Bluetooth actually coming out to generate royalty revenues is that possible?

S. Janakiraman: Surely, Bluetooth is bringing some level of royalty revenue. I will not say it is significant in terms of the overall percentage if you take the revenue of the R&D services but at the same time our leadership in the Bluetooth area is leading to a lot of services in the Bluetooth space and especially with the semi-conductor companies which are either entering into the market and consolidating in this particular market and in terms of the margins surely we had a significant improvement in the operating margin in R&D services but that is more due to I can say in the Q1 we have been reasonably on the lower side and we could recover in all aspects in the Q2.

Rishi: Sir, could you please quantify the operating margins, here it says what was it this quarter for R&D services specifically?

S. Janakiraman: Yes Rostow will provide them.

Rostow Ravanan: At an operating profit level, the profit for R&D services was 14.0%.

Rishi: Thanks that will be very very helpful thank you and all the best.

Ashok Soota: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Pradeep Joshi from Irevna.

Pradeep Joshi: Good evening gentleman. Congratulations first of all on your results. I just have some questions to be answered if you could, the one is regarding the kind of verticals and service offerings that you are seeing or getting more traction now towards getting better annuity revenues and better fixed price projects.

Ashok Soota: This should be primarily in the IT services business, so I can ask my colleague N. Krishnakumar to respond to that, obviously one thing you could see from here is that our maintenance revenues have by and large increased quite significantly and on a grand total business what we call as annuity business, I will get KK to respond to that.

N. Krishnakumar: I will probably give you a highlight in terms of verticals which are seeing tractions. We are seeing manufacturing within manufacturing clearly the consumer product companies we are certainly seeing lot more traction and what we are also seeing is a positive trend is the commercial truck business or the automotive segment is certainly coming out of the recession so we anticipate in the next half of the year that also to be at a growth momentum. In the last quarter we have also had fairly significant customer acquisitions in the travel segment so that is another segment which is seeing fairly sharp growth and with the sort of focus we have had in the banking and capital markets over the last three quarters, we see revenues in that also growing fairly nicely. So, these are clearly the key segments where we have seen a growth traction and services which sort of lead us to more annuity base revenue we have seen good growth in our independent testing and validation business as well in the infrastructure and tech support business. So, those clearly lead to more predictable sustainable revenues as well as you have seen some from our fact sheet that we have improved our maintenance portion of the revenue by almost 3% during the last quarter.

Ashok Soota: Actually the overall annuity business is probably up to about 37%.

N. Krishnakumar: 37% yes.

Pradeep Joshi: I just wanted a final clarification that you have just mentioned; your volume and price realization could you please give those numbers?

Rostow Ravanan: Hello, this is Rostow, volume growth was 12.7%, price growth was 3.4%.

Pradeep Joshi: One more question regarding your client base issue that there is lot of increase in the $1 million client list, so where are these actually clients coming from and what are the kind of work you will be doing for them?

N. Krishnakumar: As we said, our client acquisition has been fairly strong and these are clients which have acquired two quarters back or really started on the ramp up, and to that extent we anticipate that this trend will continue across all the key segments which I mentioned. Primarily, in terms of $1 million dollar customers you see new customers in the high-tech segment, banking, and in the media segment.

Pradeep Joshi: Yeah that is it for me. Thanks a lot.

Moderator: Thank you very much Sir. Next, in line we have Mr. Viju George from Edelweiss.

Viju George: Congratulations to the management on the good set of numbers. My question pertains to the number of $10 million clients that we have seen in this quarter, it has been flat relative to the last quarter. What in your opinion should be the strategic moves or business moves you must make to get you know more customers to that category and to keep that number growing?

Ashok Soota: It is not one of our usual questions because it is not straight black and white. I could also introduce to you a new position we have created and that is the Chief Strategy Officer, we have not introduced so far Salil Godika who is with us. I am going to ask him to try and give you the view on what could be done to develop this $10 million accounts?

Salil Godika: Thanks Ashok. Actually what we are doing is, we are systematically looking at our organization to actually restructure it around how we are going to after these $10 million accounts, because clearly our strategy going forward over the next 12 and 24 months call for a substantial increase in that number. So, we are looking at our sales strategies, our account base marketing strategies, how we are segmenting some of these and some of these focused vertical, which N. Krishnakumar talked about and then also our delivery capabilities, how they are going to be aligned. So, this is a separate thing that we are actually right now as we talk we are building the process to be rolled out in the starting Q4, and then formulizing it in Q1.

Viju George: Okay, so what you are actually telling is that it is pretty much WIP (work-in-progress) right now?

Salil Godika: We have actually in that process that we have learned a lot. What we are doing is now we are formalizing and with specific targets and all that so that we can actually continue to execute on those plans.

Ashok Soota: The important thing is it for the first time we are created such a position on which I am sure this will be one of the many strategic benefits that we will get.

Viju George: Sure, my second question pertains to the utilization we have seen. There has been an impressive jump in utilization. If I look at you know some of the best in class utilization excluding trainees, it will be in the high 70s. Are you looking to get to those targets in what timeframe and if there are any inherent limitation you know may be in the fact that your business model at least currently is not as annuity based, so is that the natural limitation to utilization rates that you would ideally like to achieve?

Ashok Soota: It is a very good question and lots of angles in it. One thing I would like to suggest to the analyst community as a whole that you all report so much about utilization, but I do believe there are multiple definitions of utilization being used, and there can be a difference of, to my mind, at least 5% to 6% in the utilization as reported by one company versus the other based on the definition you use. Now we use taking billed hours upon the total available hours. I know that there are one or two other companies, which do that there are no exclusions to any of these. It is not in month ending it is not a quarter ending utilization. It is the average grand total number of these billed hours upon available hours. I think if you check back that you will find that what you have described is best in class may vary. Now having said that obviously our numbers have been improving, but there is still a lot of scope for improving on those numbers further. Historically, because of the fact that Q1 was a disappointing quarter for R&D services we had lower numbers there and that is just about caught up to I say still very long scope to go and in R&D services you have said that we are by and large overall 3% to 4% points below I think in that case IT services we are probably running KK you have that number 69.3% even that is a little bit higher. So, R&D services significantly low so you could imagine that IT services somewhere close to about 70 - 73%. Then if you say there is an inherent limitation, see what happens in R&D services clearly there are large number of skills still in the relatively small revenues when you see it in size and to that extent it is a challenge in terms being able to optimize it. I would say that also obviously very high proportion of maintenance contracts makes the job easier. I do not think it imposes a limit or a ceiling with which we have to go, it certainly makes it easier to plan and optimize.

Viju George: My last question pertains to the India domestic revenues. We have seen a significant increase in that on a quarterly basis. Can you just explain how this came about and what is your focus on domestic markets?

N. Krishnakumar: See again just to give you a perspective, as a strategy we have always focused right from the day we started 8 years back. We have focused on India as a market and we have tried to keep our revenues from India at a 4% to 5% level. Clearly we work with the few segments the segments which I have talked about either banking, capital markets or manufacturing sort of industry as well as in package implementation business like SAP where we see an opportunity to dramatically grow revenues. The reason why the revenue has sharply moved up is I think we have had a number of customer acquisitions that we have done end-to-end SAP implementation, particularly in specialized segments like real estate construction. We have also got a number of wins in E-governance because we are one of the approved vendors for E-governance, we have had significant sort of traction as well as business there that is what led up to the India revenue growth.

Viju George: Yeah okay. Thanks that is what we had to, congratulations once again.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press * and 1 now. Next in line we have Mr. Ruchir Desai from Pioneer.

Ruchir: Hello good evening congratulations on the good set of numbers. Just a question earlier on the call you mentioned that you see delays in new business or ramp ups in existing business going forward. Could you elaborate little bit on that you know which vertical or which service lines you could see happening in the coming quarter?

Ashok Soota: I would just want to clarify, I made that statement in context to the fact that we have not increased our guidance, and I think it is only to be seen only in that sense because it is appropriate for us to be cautious, and therefore we will not increase our guidance, but having said it is obviously the only sector which has really impacted could be the financial sector. I also stated that it has not had an impact on our existing business until now. I mentioned that new accounts which would come on could take a little more time because there will be cautiousness, so I would say it is only to the extent of new accounts in that sector and that also not in terms of business coming in at all, but maybe you know while they reconsider things and reexamine a few months of delay in terms of either coming onboard and thereby the ramp-ups which we would expect in that half.

Ruchir: Right, right, alright. Thanks and all the best.

Moderator: Thank you very much sir. Participants who wish to ask questions, may please press *1 now. Next in line we have Mr. Rajeev from India Infoline.

Mr. Rajeev: Yeah, hi sir. Sir, I believe we will be increasing salaries for the balance offshore people and all onsite people from October 1, 2007, so firstly I would like to know the quantum of the hike, and secondly what will be the impact on the operating margins for the quarter?

Ashok Soota: I am just passing this over to my colleague Puneet Jetli and give you feel that majority of what had to be done for the year is really out of the way, but Puneet will clarify that.

Puneet Jetli: We have already done salary increases as Ashok said for the bulk of the organization, because this year we actually split it up into 3 quarters, so only 7% actually in September 30, 2007 wage bill is actually seeing their increases effective for October 1, 2007. These are people who are senior people split across multiple locations, so the salary increases would vary from geography to geography. Offshore, it would be in the range of 10% to 12%, and onsite it would be in the range of 3% to 5%.

Ashok Soota: I think it is important to note that what we are talking out is really a very small sliver is left. In effect, the bulk of the organization has been covered already in terms of April and July.

Mr. Rajeev: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Saumitra from Equity Master.

Mr. Saumitra: Good evening gentlemen, and very congrats on the numbers. My question is on the wage front only in continuation of the previous one. In the first quarter you gave wage hikes to around 40% of the employees and some 7% is remaining, so in this quarter you have given hikes to 53%, so what is the impact on the EBITDA margin on the wage hikes in quarter 2?

Rostow Ravanan: Yeah like Puneet mentioned the increases that were given on July 1, 2007, were about 12% to 13% for offshore employees and around 2% to 3% for our onsite employees, so that was the impact to margins because of that.

Ashok Soota: Yeah, but that does not translate to how much that will impact EBITDA?

Ashok Soota: You know that we need a little bit of number pushing to just re-verify that, because what we are saying is how much in this particular increase actually directly impact the EBITDA. If we get that number within a minute or two while any of the other questions are coming on, we will give you a feel of that question.

Mr. Saumitra: Okay thanks. My next question is, I am seeing a very big jump in the package implementation and testing revenues in quarter-on-quarter terms as well as decline of around 20% in consulting revenues in quarter-on-quarter terms. Is there any reclassification of services within these groups or it is just it has actually happened that way?

Ashok Soota: First thing I should again say whenever we see any decline or something or even movements in the margin, like somebody mentioned to me that our developments have gone down. In reality, what has happened these are percentages so you have some parts which have grown faster than the others and really in a growth momentum stage, in absolute terms, I would imagine almost all of the figures have increased.

Mr. Saumitra: Yes.

Ashok Soota: And some of the new businesses are growing much faster in that context maybe I can just ask KK again to just give you a feel on the two specific areas which you have talked about.

N. Krishnakumar: Yeah clearly as I said last time consulting is a new offering for us and in sheer volume terms, it has not gone down, but on the package implementation side, there is a sort of reclassification. Earlier we used to do package implementation of our high-end package in the capital market space, which used to be classified under development earlier, so that has been rightly put in the package implementation. Earlier the package implementation used to just SAP related work alone.

Mr. Saumitra: Okay, so barring this all the classifications are same as on the first quarter?

N. Krishnakumar: Absolutely, it is the same as it.

Mr. Saumitra: Okay sir, thank you. Thanks a lot.

Rostow Ravanan: We have the answer to the question you asked previously. The wage increases that were done on July 1, 2007, led towards 2.5% impact on margins.

Mr. Saumitra: 2.5% impact on margins. Thank you sir.

Moderator: Thank you very much sir. Participants who wish to ask questions, may please press *1 now. Next is a followup question from Mr. Viju George of Edelweiss.

Viju George: Yeah, hi thanks for taking this question. My question pertains to this onsite-offshore effort mix. It is probably the highest offshore among the peers. What I want to understand is as you might double spending in package implementations going forward, would you expect your onsite-offshore mix to be more or less in line with the current proportion, or would you expect some sort of movement towards onsite, longer term.

Ashok Soota: That is again a somewhat difficult question. I will tell you by and large if you look at what you should be rewarding the industry for in the past, I'd say crediting the industry was bringing the work back into India, because that is why you are adding more value to your customers, you are getting higher margins. I think to the extent that there has been the sudden appreciation of the rupee, the companies which have got the highest offshore are the ones which conversely get hit the hardest, because more of your costs are in rupees and of course presumably then your dollar mix is of course the function of which geography you are in. So given this we are not averse to saying let us increase the onsite proportion. However, whether this will happen frankly it is somewhat futuristic and difficult to say at this stage but we are open to saying let us take a little more onsite centric view of developing the business.

Rostow Ravanan: One another point that I wanted to add to that was, as you know, we have two businesses. Our R&D services business intrinsically is much more offshore oriented, and that also leads to us being more offshore centric than some of the other large players that you compare us with.

Ashok Soota: There again if you compare one or two other players who also have got very high R&D, our ratio is clearly better.

Viju George: Yeah sure. Yeah thank you.

Moderator: Thank you very much sir. Next is a followup question from Mr. Pradeep Joshi of Irevna.

Mr. Pradeep Joshi: Hi, I am Pradeep Joshi. Just one mild clarification I wanted. You have given lateral hires of around 303 that I assumed on the gross basis.

Ashok Soota: Yeah, I think everything must be in a gross basis.

Mr. Pradeep Joshi: Okay. No because the net addition is 464, so 303 must be on 784, right which is the gross number.

Ashok Soota: Yes.

Pradeep Joshi: Yeah. Okay, and one thing that you guys missed out last time around was this FPP I mean fixed price projects I wanted to know which kind of verticals and service offerings are we really looking at in getting greater percentage of fixed price projects because you have the increase in the percentage this time around so.

Rostow Ravanan: Fixed price is increased.

N. Krishnakumar: Clearly these percentages tend to be based in terms of large projects which tend to come in terms of things clearly we are seeing a lot of momentum in our internet and emerging technologies practice. There are a lot of large transitions which the people are doing, as well as in our SAP package implementation practice where like I mentioned when I talked about our increase in the India business, clearly that has been driven by a few fairly sizeable end-to-end SAP implementation.

Ashok Soota: So it is not so much industry wise, but based on these two practice practices which may then cut across different industries.

S. Janakiraman: In the R&D services what we have seen is the consumer appliance, as a market, is more fixed price project compared to the storage or communication or any other vertical.

Pradeep Joshi: Okay. Yeah, thanks a lot.

Moderator: Thank you very much sir. Participants who wish to ask questions, may please press * and 1 now. At this moment, there are no further questions from participants. I would like to hand over the floor back to Mr. Bhaskar for the final remarks. Over to you sir.

Bhaskar: Thank you Gaurav. That concludes the conference call for today. Thanks everyone, and we appreciate taking time to participate in this call. Thanks.

Moderator: Ladies and gentlemen, thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice time.