# INFOSYS TECH, LTD.

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**Coordinator** Good morning. All participants will be able to listen only until the question and answer session of the call. At the request of Infosys Technologies, Ltd., this call is being recorded. If anyone has any objections, you may disconnect at this time. I'd now like to introduce your moderator for today's conference, Mr. Ganapathy. Sir, you may begin.

**P. R. Ganapathy** Good morning, ladies and gentlemen in America, and a very good day to ladies and gentlemen joining us from other parts of the world. My name is P. R. Ganapathy, popularly known as "Guns", and I handle investor relations for Infosys based out of their Fremont, California office. As always it's a pleasure to speak with you all at the end of another successful quarter, the quarter ended 31st December 2000.

I have with me from the landscaped 50-acre campus in "Infosys City" in Bangalore, Mr. N R Narayana Murthy, Chairman and CEO of the company, and members of the company's senior management team. They will take your calls after a brief discussion about the performance of the company during the quarter.

Just before handing over to Mr. Murthy, I'd like to caution that in case we make statements that refer to our outlook for the future, please disregard them and refer instead to our filings with the SEC which contain the specific statements of risk that the company faces. These can be found in various filings, especially our Form 20-F for the fiscal year ended March 31, and quarterly reports for the quarters ended June 30th and September 30th, 2000.

Without further ado, Mr. Narayana Murthy, Chairman and CEO, Infosys.

**N. Murthy** Hello. My name is Narayana Murthy, I'm the Chairman and Chief Executive Officer. I have with me Mr. Nandan Nilekani, the President and Managing Director, as well as the members of the board in charge of various functions, and other senior management staff. Welcome to this conference call. As you people know, we have had a pretty good quarter, Q3. We registered 3-digit growth rates both on the top line and the bottom line. We brought down the contributions from dot-coms, startups, from

9.3% last quarter to 5.8% this quarter. We also made sure that we added people, we added new customers. Overall, I would say this has been a pretty good quarter.

We made a provision of US$3 million because EC-Cubed, one of our investee companies, went belly up because they couldn't rustle up the fifth round of venture capital, and of course we do all these strategic investments for us because EC-Cubed is in the area of reusable objects for B2B e-commerce, and we benefited a lot from that. However, even after making a provision of $3 million, you know, we registered 3-digit growth rates.

Now I would request Mr. Nandan Nilekani, the President, to take over and give some operational details, at the end of which Mr. Mohandas Pai, the CFO, will take over.

**N. Nilekani** Thank you, Mr. Murthy. This quarter we added 26 new customers. They include marquee names like Providian, which is a large credit card insurer; the Bank of Nova Scotia in Canada; Schlumberger, the French-American technology oil services company. We also added 985 net new employees in this quarter, and as Mr. Murthy mentioned, our e-commerce revenue for the quarter was 28.3%, as against 31.4% for the previous quarter; and the dot-com revenue was 5.8% as opposed to 9.5% for the previous quarter.

We also have been recognized for our excellence in many spheres of operational activity. We won the IMC Bajaj award, which is similar to the US Malcolm Baldridge award for – among all Indian service companies. We were rated by the *Far Eastern Economic Review* as the most admired company in India, and we have also been rated by a *Business Today* survey as the No. 1 company to work for in India, which is an extremely important development, as we look at adding more employees.

We have seen several studies recently, referring to a slowdown in IT spending. However, we have polled many of our large clients and believe that the trend in IT spending will work in our favor. It is encouraging that most of our clients have expressed a desire to expand the scope of the relationship with Infosys. This puts us in a position to grow at industry-compatible growth rates in India.

With this, I will now request Mr. Mohandas Pai, Chief Financial Officer, to go over the financial performance of the third quarter.

**M. D. Pai** Revenues have been at $114.91 million, a growth sequentially of 17.3%, and year on year of 120%. Gross margin has been at 47.3% as against 48.7% in quarter 2 of this fiscal. This is because depreciation, after which Gross Margin is calculated has gone up to 6.1% from 5.4%, and we have spent more on data communication expenses. Apart from these two expenses, our salary costs have been almost the same as the previous quarter.

The operating income has been at 33.2%, as against 32.9% in the previous quarter. We have taken a write-off of $3 million in non-operating income as a charge, due to the liquidation of EC-Cubed, and our income before income taxes had been at 33.3%. If you take into account the fact that we had a $3 million hit to non-operating income on account of the provisioning for EC-Cubed, the net income for this quarter in terms of a percentage would have been similar to the previous quarter. We earned 26c this quarter as against 25c in the previous quarter.

**N. Nilekani** I will now request Mr. Phaneesh Murthy, Member of the Board and Director in charge of Sales and Marketing to give a brief overview of the market outlook.

**Phaneesh Murthy** We actually did, over the last few weeks, given the nature of the slowdown and stuff like that, we did a poll of all our customers, or at least all our major customers. We did this poll across customers in financial services, retail and telecom, and it was fairly pleasant to note that the IT spend is actually going up by about, in our estimate, by about a median of 7 to 8%.

Just to add, there are about three or four interesting sentiments, which probably will work – some will work in our favor and some may not work in our favor. But the first key sentiment I think that we noticed was that there seems to be a general frustration and bitterness about e-strategy consultants. And so companies like us, which can take from concept to implementation, I think are very much in favor.

I think the second big sentiment we noticed was that just because there is an "e" in front of it, it doesn't become rocket science; and consequently, you can't charge 400, $500,000 a year for that. So I think that's something, which is again very strongly in our favor. One thing, which we did notice, or we did get the sense, was that the urgency is a little lower now because the dot-coms have just evaporated. So companies are moving with a little less urgency. And one more thing which may actually happen is that, given the overall slowdown, internal teams may be given a shot at doing some of the assignments or engagements which earlier would have probably just gone out automatically. So these are broadly the trends… We have seen a number of enquiries; a lot of our customers are very keen to expand the nature of the relationship with Infosys, primarily because they think it's an extremely strong value point at which to deliver time to market and quality solutions. So overall, it looks that (a) that spending is going up, and that the outlook for Infosys is looking reasonably good.

**N. Nilekani** I now request that S D Shibulal, Member of the Board in charge of Delivery, to give his observations.

**SD Shibulal** Given some of the market conditions, we have looked at the startup revenue mix, and as you can see, the startup revenue has gone down from 12.2% from last quarter to 9.3% this quarter *[Editor's correction: revenue from start-up clients went down from 9.5% to 5.8%]*. At the same time, the non-startup, e-commerce revenue has gone up from 21.9% to 22.5%. Compared with last quarter last year, this quarter we have seen a considerable increase in the telecom revenue this quarter, and the onsite-offshore ratio also has seen some healthy change. The offshore effort has gone up from last quarter, 63.6% to 66.7% this quarter. The revenue also, of the offshore revenue, has shown a healthy trend, 45.4% last quarter. This quarter we have offshore revenue contribution of 48.6%. Thank you.

**N. Murthy** Well, at this point in time we would be happy to take any questions.

**Coordinator** Thank you, gentlemen. Our first question is from Bob Austrian.

**B. Austrian** Yes, good morning. It's Bob Austrian from Bank of America Securities in San Francisco. Congratulations to the whole Infosys team for a very remarkable quarter. I have a few questions. The first, if I can just get a detail out of the way. Mohan, perhaps can you summarize the number of professionals that are now billing and the number that are on the bench, as you say, and training at the end of the quarter.

**M. D. Pai** Yes. End of the quarter, we had 8,910 professionals, of whom we had approximately – just give me a minute.

**P. R. Ganapathy** Bob, there were 7,824 that were software professionals.

**M. D. Pai** 7,824 software professionals. And we had about 1,086 sales, marketing and support professionals. Out of this, we've been billing in the last month about 5,100 employees, and we had 2,075 people either on the bench or in training, plus we had some software overheads of approximately 450 people. We added about 985 people in the quarter in software.

**B. Austrian** So put in simple terms, Mohan, has the percentage of your staff which is in training been about steady in the quarter, or has it risen from the prior quarter, or fallen?

**M. D. Pai** Well, the percentage of staff in training during quarter 3 of this year has been at 9.4%, which has come down from 12.7%, the previous quarter. The percentage of bench in quarter 3 of this fiscal has gone up to 19.8% from 12.5%. We have had a utilization rate, excluding trainees, of 77% this quarter as against 80% in the previous quarter.

The point I would like to make here before all of you is despite having 2,075 people either in the bench or as trainees, we are still on a gross margin of 47.3%.

**B. Austrian** Okay, that's very helpful, Mohan. In terms of the business environment, maybe Phaneesh, has there been any change to the nature or length of contracts and engagements that you're experiencing? Can you give us some information about the average duration of business that you've been signing lately? And remind us too, what is the average length of assignment that you're currently processing from one or two quarters ago, let's say?

**Phaneesh Murthy** Actually, we are not seeing any – remember, the way we try and do our stuff is really by signing open master agreements which are three to five years in length, and do multiple work orders under each of them. So we do multiple projects or engagements under each of these master agreements. So that philosophy has not changed, and we are really not seeing any reluctance from the customers to sign three- or five-year agreements or whatever it is. We aren't seeing any significant change in that.

In terms of your question on typical engagement size, we are actually seeing right now that there are a number of initiatives which are underway where companies are seeking to ally themselves with a strong Indian partner. We are seeing more of those initiatives right now, which will go with somebody or the other, than we have seen in the last 12, 18 months.

**B. Austrian** Okay. And I guess the last quick question, I understood from your opening remarks that the mix of offshore has increased in the quarter, and can you give us a sense, Mohan, of whether the difference in gross margin has narrowed between the offshore and the onsite business in any way? Has there been any margin effect from the shift?

And then finally, if you can give us some guidance about your hiring plans for the calendar year ahead. And again, thanks for the great work this quarter.

**M. D. Pai** Well, our average billing rate per capita in terms of onsite for quarter 3 has been $11,531, as against offshore of $5,434. In terms of gross margin, obviously offshore is higher, at around 50.9% or so, and as against 44% for onsite. The gap has narrowed somewhat over the previous quarters. As regards to hiring for next quarter and for the future years, I'll ask Nandan to answer.

**N. Nilekani** Just to summarize, we've have added about 2,500 people in the two quarters. And the last quarter we added 985 people. And based on the overall outlook and based upon the future plans and all that, we're looking at hiring perhaps a few hundred people in the next few months.

**Coordinator** Our next question is from Anil Tewari.

**A. Tewari** Hello, folks. Congratulations on the results. I wanted to follow up with Phaneesh a bit more on what the market environment was in terms of the results from your survey, etc. First of all, I wanted to get a little more color on basically, has the environment changed on who you're competing with in the US market for new customers? And how are you positioning your pitches in winning new deals? Has that changed at all?

**Phaneesh Murthy** Okay. I think the environment, there's no doubt about the fact that the environment has changed. The environment has changed, I think, projects with certain marginal RoIs have been scrapped. We have seen the effects of that. We have also seen that I think customers are a little less urgent about some of the things. However, remember, we've always been used to long lead time, Fortune 1000 kind of sales cycles, even for projects, so that's something which has not bothered us too much.

In terms of – yes. Sorry, what was the second part of the question?

**A. Tewari** Are you finding yourselves – you mentioned one of your business partners wanted to align with Indian companies. Are you finding yourselves competing more with your peers in India, or do you find yourselves up against Sapient, Cambridge, etc., in the market there?

**Phaneesh Murthy** Yes. Actually, I don't think it makes sense to compete with the Cambridges and all now. When we are – not a good word to talk about in front of customers with the number of problems that they're having. But that is fine. I think we are continuing to build the market for Infosys. More of our business is still coming by building the market for Infosys than by competing with other players.

To give you a perspective, I think your question was, how has your pitch changed. I think most recently our pitch has changed to include a little stronger play on India and the execution capabilities. About 12 months back or 15 months back, all we used to talk about was our ability to execute, was our references, what our transformation skills, our change agent skills and so on and so forth. Now we are adding a little bit of the global delivery model, the India play a little more strongly, to create that differentiation, which is becoming very positive, because they know that there's a value associated with that. And this … is just a few weeks, remember.

**A. Tewari** Right. Right. So within your new contract that you mentioned with Providian, Nova Scotia, Schlumberger, etc., are you doing more of the same sort of overall umbrella-type contracts where you do some maintenance and some front-end work, or are you partnering with them on a specific discretionary spend? More on maintenance spend? Can you shed a bit of light on that?

**Phaneesh Murthy** I think we continue to be true to our philosophy of being in relationship with the customer and becoming a strategic partner to them in terms of being able to meet the bulk of their needs. The key things for us are that, are we working in the mission-critical areas; are we working in core business operations? And in that, it doesn't matter to us whether we are reengineering, building a new application, or maintaining. Our metric is really, what part of the business are we in. And that's something that we measure ourselves by, and we are in – in most of these customers, we are working in the core mission-critical and business operations area.

**A. Tewari** Okay, thanks very much for that. I just have one final follow-up on the financial side. You mentioned the hit you took, the $3 million on EC-Cubed. I'm wondering, in terms of your total remaining outstanding investments in various ventures, any feel for any further write-offs we might expect.

**Kris Gopalakrishnan** The Infosys objective of investment is more strategic than – in terms of capital gains and things like that. What we do is we leverage the expertise we have derived from these relationships to work with Fortune 1000 customers. At any point we will evaluate our investments and look at whether we need to make any provisions if at all needed. Currently we feel that no more provisions are required at this point.

**M. D. Pai** We only have $6 million in investments on the balance sheet as of December 31st, 2000.

**A. Tewari** Okay. And in terms of the receivable, the doubtful receivable write-offs that you took was one million this quarter; I guess that was for receivables over 180 days old. And I'm sort of wondering, do you know sort of which segments – can you share with us which segments these came from and any other further large write-downs that you may expect?

**M. D. Pai** Yes. In this quarter, we made a provision for bad and doubtful debts of $1.5 million, out of which $1 million was for EC-Cubed, and $556,000 was for other receivables over 182 days. Last quarter, we made a provision of $1 million, which was basically for one large account of about $650,000, other were overdues over 182 days. We had 62 days of sales outstanding as at quarter end, and we looked at the receivables and we age them, and we made provisions as per requirements.

**A. Tewari** Okay. Thank you, gentlemen, and congratulations again on a great quarter.

**N. Murthy** Thank you.

**Coordinator** Our next question is from Steven Birer.

**S. Birer** Hello. Congratulations, gentlemen, as always. A couple of questions here for you. First off, I noticed in the current period your telecom customers declined as a percentage of revenue, and I was curious, given what we're seeing going on with telecom spending …

**N. Murthy** We're not able to hear.

**S. Birer** I'm sorry?

**Phaneesh Murthy** Steve, we can't hear you.

**S. Birer** I'm sorry. I'm just wondering if, given the spending that we've seen in telecom, that it declined in the period, I was wondering if, given what we're seeing in telecom spending in the US and globally, if you expect telecom to continue to decline as your percentage of total revenues.

**N. Nilekani** Telecom, the contribution of telecom. The telecom revenue for this quarter was a total of $20.32 million, which is 17.7% of this quarter, as compared to last quarter where the revenue was $18.98 million, which was 19.4% of the revenue for the quarter.

**S. Birer** Right, but I mean, are we expecting the percentage to continue to decline over time?

**N. Nilekani** I think we are not looking for any perceptible decline in the percentage. In fact, there is an absolute increase in telecom revenue except what has happened is that other sectors have also grown, and therefore the percentage has come down.

**S. Birer** Okay. With respect to client concentrations, do we expect more concentration to continue along the top ten, as we saw in the current period, or is that something that was just a temporary effect in the current period?

**Phaneesh Murthy** No, we don't see any appreciable difference in the client concentration trend, Steve.

**M. D. Pai** The revenue from the largest client was 7.7%, as against 7.7% the previous quarter. However, the revenue from the top-five clients has gone up to 28.1% in this quarter, compared to 24.9%. But if you look at year to date, YTD, revenue from top-five clients has come down. Revenue from top-ten clients has come down. We have about 77 clients who gave us a million dollars on a last 12-month revenue basis in this quarter.

**S. Birer** I'm sorry, that was 77 clients who gave you at least a million dollars worth of business?

**M. D. Pai** Yes, 77 clients who gave us a million dollars' business over the last 12 months. At least a million dollars for the last 12 months this quarter. Fifteen of them gave us more than $5 million. Six of them gave us more than $10 million. And one was a $20 million client. And the largest client is 7.7% of revenues.

**S. Birer** Okay. Just looking forward, as you've mentioned the slowdown, the lack of urgency on some of your clients, do you expect that to have some impact on your bill rates, or should we still expect bill rates to continue to go up as the company is better accepted globally?

**Phaneesh Murthy** I think we have always tried to ensure that our – that the gains that we make in revenue for billable consultants is more than the cost escalations of the company, so that our margins are protected. And we feel quite comfortable with that.

**S. Birer** Okay. And the number of people that you have in training and on the bench in the current period, it seems to me – I may be wrong on this, but it seems to me that it's a higher percentage than it has been in the past. Is there any specific reason for that? Was it a specifically high hiring period in India, or was there a slowdown in work that you expected to come in that did not come in, and therefore you had a higher bench than anticipated?

**N. Nilekani** There is a higher percentage, but we also have to keep in mind that in quarter 2 and quarter 3 of our financial year is when we have the jump in hiring, thanks to the college recruitment and other factors like that.

**S. Birer** So this is something that we would expect in the next quarter to see a higher percentage of – or excuse me, a lower percentage of bench?

**N. Nilekani** I think the hiring in the last three quarters has been as I said, about 2,500 for the first two quarters and 985 for this quarter.

**N. Murthy** Yes, we would certainly expect the bench to be lower.

**M. D. Pai** Steve, the hiring of 148 laterals in this quarter as compared to 130 laterals. We had 360 laterals joining us this year, which is the highest on record. The hiring in terms of middle management too, has been good.

**S. Birer** I'm sorry, I missed those numbers, Mohan. Can you please run through again the number of managers that you hired?

**M. D. Pai** We have hired 148 laterals in this quarter compared to 130 laterals last quarter; and 360 laterals in middle management in software have joined us YTD, this year.

**S. Birer** Okay. And I guess one last question here. As we look at the fourth quarter, I was wondering how you feel about your visibility on the quarter, if you feel like you've – first off, about an approximate percentage of visibility on estimates for the quarter and where you feel that is, versus where you were in the past. Because I mean, a lot of us have seen a lot of companies here in the US, certainly see their visibility destroyed, and I'm curious as to how you feel about yours.

**N. Murthy** I think now, like in the past, we do see about 60% of the next four quarter on a rolling basis. Given the fact that we have 85% or so, 84% or so of repeat business, and given the fact that we have been adding new customers, I think we are fairly comfortable with the visibility.

**S. Birer** And what percentage would you assign to the fourth quarter, of visibility?

**N. Murthy** Well, fourth quarter would be about 85%-plus.

**S. Birer** Great. Thank you very much, and congratulations again.

**N. Murthy** Thanks, Steve.

**Coordinator** Our next question is from Moshe Khatri.

**M. Khatri** Moshe Khatri, S.G. Cowan from New York. I got in on the conference call a little bit late, I'm sorry; I apologize if my question has been asked. Can you tell us if you're seeing any indications of lengthening sales cycles? And then are you seeing anything regarding project push-backs? And then, you haven't spoken much about Europe. Maybe you can give us an update on your activity in Europe and how are you seeing the business environment there? Thank you.

**Phaneesh Murthy** Let me start from the back. When we polled all our customers, we actually didn't see any major or significant difference between the way our US customers reacted and our European customers reacted. We really didn't see that. European business has actually gone up to about 18.8% of revenues this quarter. We have made a lot of investments in Europe, consistent with our overall goal of increasing business in Europe and Asia-Pac as a percentage of total business. We have offices in Belgium; we have opened a development center in London. We have offices in Scandinavia, and we have offices in Germany. I think we have added a few customers, which are giving us fairly good and steady business. So the European outlook is looking reasonably positive.

In terms of the project pushback, yes, I did answer that question earlier. Our sense of the market is that customers are not as urgent in their decision-making right now because of the dot-com blow-up, and also that there is probably a little more pressure for internal work, rather than handing it out immediately.

**Time: 30:00**

**M. Khatri** And since you guys are doing so well, and I'm assuming some of the other top-tier players in India are doing well as well, is that fair to suggest that you are taking some market share from some of the more prominent players, whether in Europe or in the US? Maybe you can talk about that a little bit. And obviously most industry observers are pretty much saying that the former Big Five's are really the big players that are going to do well in this environment. Can you tell us if you are seeing the former Big Five vendors anywhere when you were trying to bid for business? Thanks.

**Phaneesh Murthy** Actually, yes, we are seeing the former Big Five quite often. I mean, if you're talking about stealing market share, I really don't know. I mean, we are in some second or third decimal points in the world IT total spend, and market – I don't know whether we'll go from the third to the second, or – really, we don't measure ourselves by market share, very frankly.

**M. Khatri** Thank you.

**Coordinator** Our next question is from Sandeep Dhingra.

**S. Dhingra** Yes, hello. Congratulations to all of you on a brilliant performance. I just have a question for Phaneesh. Phaneesh, you talked about the current business environment and how the Indian companies are stacking up well. Just on a generic outlook, do you think the Indian companies, if they get the model right, can continue the same kind of growth we've seen in the last couple of years, in the current environment?

And secondly, if the environment gets a little worse from here, you know, we run into some form of a recession, do you think the growth rates will come down materially for the Indian industry as a whole?

**Phaneesh Murthy** Your first question, I do believe any company which can get its act together has good prospects. I'm assuming you mean -- when you say continue the same growth rates, I don't know what exactly you mean, but discounting the law of big numbers and all of that stuff, presumably. Each act is there and if you discount the law of big numbers there is not a problem.

And your second question was the recession part of the question, right? You are saying that if there is a recessionary trend in the market.

**S. Dhingra** That's right. How worse will it get?

**Phaneesh Murthy** The key question is, I think the environment changes a little, based on whether it's a slowdown in spending or whether it's actually a recession. I think that's a big change, and that's what we're saying. If it does go into a recession, one will assume that everybody will get hit, and we'll probably get hit in a couple of quarters.

**S. Dhingra** Just another point. I think Mohan or Nandan might be better equipped for this one. We see a lot of capacity buildup, looking at cap-ex numbers, they've been going up towards the last – in the last couple of quarters. So where are you in your capacity buildup? Do you have enough capacity for 20,000 people or 12,000 people now? Can you share with us some numbers on that front?

**M. D. Pai** Currently, we have usable space of 1.55 million square feet for 10,300 people, as against a total employee strength of 8,910. We have possibly about 1.4 million square feet under construction. And we have capital expenditure commitments on the balance sheet date of approximately about $35 million or so. And we think that we have the ability today to have capacity to meet the requirements of staff going forward.

**S. Dhingra** Okay. Thank you.

**Coordinator** Our next question is from Bill Zinsmeister.

**B. Zinsmeister** Hello, Bill Zinsmeister, DeutscheBank Alex Brown. My first question is for Mohan. It appears this quarter there was a trend towards more fixed-price revenue. Is that a trend that's market-driven and we're likely to see that going forward?

**M. D. Pai** Yes. In the current quarter, we have had 29.4% as fixed price, as against 27.6% in the previous quarter. We do not see it as a trend, we see it as a normal quarter-to-quarter difference. For example, for the full year this year, we had 28% as against 30.9% in the YTD last year, so we have not seen any significant trend; it's a quarter-to-quarter difference, that's all.

**B. Zinsmeister** So 70/30 split would be a fair estimate going forward that we should be using?

**M. D. Pai** Yes. I think 30 is a good number.

**N. Murthy** Yes, 30 is a good number.

**B. Zinsmeister** Okay. The second question is for Phaneesh. I was wondering if you could comment on the mix of service offerings this quarter. It appears that there was an increase in the maintenance services and a decrease in some of the other pockets of other services. I was wondering if you could comment, (a) where was that decline occurred, whether it be in consulting or testing services; and going forward in your surveys of customers, do you see any market trends in terms of increased maintenance work as opposed to new application development? Thank you.

**Phaneesh Murthy** Okay. In terms of the differences, it's really not – it would depend on the nature of the projects which come. It's not like the strategy has changed; it's not like new customer introductions have – are because of our different service or anything like that. And in terms of, going forward, based on the survey, I think that customers are still very eager to spend on e-enabling their systems. Part of that involves really the back-end systems, to try and figure out how you can do something with those back-end systems to make them more open, so that they can take the information infrastructure flexibility. And of course part of the thing involves building of the front end and so on and so forth. So I think both of these activities will actually continue in the next year.

**B. Zinsmeister** Phaneesh, headed into next year, how critical do you think will consulting services, do you think play a role?

**Phaneesh Murthy** Just pure strategy consultants?

**B. Zinsmeister** Yes.

**Phaneesh Murthy** Without a back-end implementation? Is that what you're saying? I mean, you're saying that – just pure strategy consulting companies?

**B. Zinsmeister** Well, what I'm really trying to understand is the service mix, heading into next year, and get a flavor as to what clients are looking for and demand. You talked a lot about operationals management and back-end focus. Strategy consultant - How important of a role do you think that will play in overall customer engagements next year?

**Phaneesh Murthy** Let me be very clear about this. This is – we have not done a poll to a level where we have tried to define demand for each service.

**Kris Gopalakrishnan** What we are seeing is customers are requesting more end-to-end services. In that, consulting has a role to play. Not just strategy consulting, but typical business consulting, technology consulting like architecture design, security design, etc. They really want to look at an end-to-end player, from whom they can get all the required services. That also plays well for Infosys, because we work with a relationship model with the customer, trying to become a true partner for them.

**Phaneesh Murthy** And I think the customer sentiment is moving towards concept-through-execution partners.

**B. Zinsmeister** Okay. And the final question for Mohan: Of the deal flow in the quarter, can you give us a flavor as to how much came from some of your software partners?

**M. D. Pai** Bill, I didn't catch the question.

**Kris Gopalakrishnan** How much from software partners.

**B. Zinsmeister** Of the deal flow for the quarter, about how much originated from software partners?

**M. D. Pai** Well, very little, Bill, because most of the business has come from a mainstream clientele of Fortune 1000 companies and other, and very few – you must be talking about the Microsoft relationship. The Microsoft relationship is yet to grow big, and we have been seeing increasing interest in the business from that side. But most of the business has come, as it has in the past quarter, from mainstream clientele.

**B. Zinsmeister** Okay. Thank you very much.

**M. D. Pai** Thank you, Bill.

**Coordinator** Our next question comes from Joseph Buttarazzi.

**J. Buttarazzi** Good morning. Just a couple of questions. Could you give us an idea of what the annualized turnover rate was for the company on total, and then if you could break that up between North America and India.

**Phaneesh Murthy** Are you talking about employee attrition?

**J. Buttarazzi** That’s correct.

**K. Dinesh** The attrition rate for the current quarter, has come down from 14% last quarter to 9% at this quarter. And annualized, last year was 9% and this year it is about 12%.

**J. Buttarazzi** I'm sorry. It was 12% on an annualized basis in the third quarter?

**K. Dinesh** No, that is year to date. And in this quarter it is 9%. It has come down from 14% last quarter to 9% this quarter.

**Phaneesh Murthy** 9% on an annualized basis.

**J. Butterazzi** And is there any specific area where turnover is greater than the other, geographically speaking?

**K. Dinesh** No, not really. We don't see that much of a difference.

**M. D. Pai** If the question is "Are we losing people to our competitors in United States in a greater measure?" then, no, we're not seeing any trend of losing more people to competitors in the United States.

**J. Buttarazzi** And then with regards to the pace of the new business bookings in North America, relatively speaking or conceptually speaking, what's the length of the engagement – I know you answered this earlier, but I'm just trying to get at a different angle. In terms of the number of engagements that you began in the fourth quarter that have a potential of greater than 12 months, was that greater or less than the prior quarter?

**Phaneesh Murthy** I need to come back to you on that, because we measure ourselves really based on the largeness of the company and the IT spend and stuff like that. And the new customers itself is 26 and 27, so it's very compatible. So I don't know if that number will be different, very different.

**J. Butterazzi** Okay. And then lastly, with regards to the new business signings, would you say that, in terms of leads, are you in front of more clients, or were you in front of more clients in the third quarter than you were in the second quarter? And in general, are clients calling you more often today, or are you finding that you're going in through a software vendor who's introducing you to the client, or that you're in fact having to direct – use a direct marketing channel to get in front of clients?

**Phaneesh Murthy** Joseph, I don't know how long you have been in this industry, but I have never got a call from a customer saying, "Here's an order." We have to work for every business that we do. We are not going in through any software vendor. All our business is direct right now.

**J. Buttarazzi** I'm sorry. So the channel that you're using is what? Primarily through software vendors introducing you, or that you're basically getting in front of clients through your own sort of marketing – your direct marketing channels?

**Phaneesh Murthy** It's direct. We are going to customers direct right now.

**J. Buttarazzi** Thank you.

**N. Murthy** Thanks, Joseph. Thank you.

**Coordinator** Our next question comes from Anantha Narayan

**A. Narayan** Yes, hello. This is Anantha from Morgan Stanley. My first question is on the billing rate. Is it a cyclical element to quarterly billing rates which could be driven by maybe the way orders come in?

**M. D. Pai** Anantha, we didn't hear your question. Can you ask again, please, louder?

**A. Narayan** Yes. I was essentially wondering whether there's any cyclical element to the billing rates. Does it depend upon when the orders come in and when contracts start, or can we just look at billing rates on a sequential basis comfortably?

**Phaneesh Murthy** Actually, I don't think you should look at billing rates on a sequential quarter-by-quarter basis. I think you should look at all our trends on an annual basis, really, because the revenue per billable consultants will change, based on the amount of business you do with a particular set of customers or a particular customer, based on what the rates for that customer are, etc., and if we have done a couple of large projects or have closed a couple of large projects with that customer in that quarter. So we actually don't think that Q by Q comparisons of revenue per billable consultants really are the right way to go.

**A. Narayan** All right. And finally, can you just give us an update on what's happening at Yantra?

**Kris Gopalakrishnan** Yantra continues to do reasonably well. They have actually got a further round of funding, so they have actually some capital to play with for the next few months. Since Yantra is private, I cannot disclose too much of those details at this point, but they have got funding, a significant amount of funding in the last two months, and they have cash to carry on for the next few months.

**A. Narayan** And what will be Infosys' stake in this company now in equity terms? How much percent of equity?

**Kris Gopalakrishnan** Our equity is about 24, 25%.

**A. Narayan** Okay, thank you very much.

**Coordinator** Our next question is from Apurva Zinduwadia.

**Time: 46:00**

**A. Zinduwadia** Hello. This is Apurva Zinduwadia from Forbes Global. Congratulations on the results. I just have a couple of questions. In terms of investments, if you see there are other investments like M-Commerce and Asianet Media and Cidra corporation. Now, what is the current position on these investments? Do they have enough funding to go on? What is the state of here?

**Kris Gopalakrishnan** We have looked at all our investments at this point. As Mohan said, currently on our balance sheet –

**M. D. Pai** US GAAP balance sheet we have $6 million. And Indian GAAP balance sheet, we have about $8 million. That is because Onscan is not taken into accounting for US GAAP.

**Kris Gopalakrishnan** Yes. Of these investments, we have reviewed every one of them, and currently we feel that the position is comfortable.

**A. Zinduwadia** In terms of – are they your clients, all of them? In terms of revenue, are they…

**Kris Gopalakrishnan** Except in the case of M-Commerce, they're funding multiple companies and these companies become potential customers or actual customers.

**A. Zinduwadia** Okay. And in cases they are your customers, have you – what percentage would you say would you have recovered from the business that they are bringing in?

**Kris Gopalakrishnan** In each of these cases, we are looking at significant revenues, and that's the reason why we are investing in these companies, definitely.

**A. Zinduwadia** Any number you can put on it? What percentage would you have recovered on your investments, in terms of profits from whatever revenue they brought?

**Phaneesh Murthy** Yes, it depends, it's different for different investments. But we don't normally invest in a company through which we cannot get significant revenue, or enough revenue to recoup.

**M. D. Pai** Yes. Let me say this. For the entire dot-com business, even after factoring the provisioning for bad-debts that we had, the margins are better than the mainstream business.

**A. Zinduwadia** Okay. And on a different line, sir, in terms of European business, are you seeing more of business related to telecom through Europe?

**Phaneesh Murthy** Some of our wireless work of course has come from Europe, or for Europe; but no, it's not like there's a significant big chunk of telecom work coming from Europe.

**A. Zinduwadia** Okay. And in case of – a question was raised about maintenance and development work in relation there. Now, another part there is the implementation work, which would consist of mainly I would suppose a CRM implementation and to some extent ERP, is that correct? Hello?

**N. Murthy** Mr. Shibulal is going to answer that.

**SD Shibulal** Package implementation, this quarter we have done 6.2% of our revenue, comparable with last quarter where we have done 5.9% of the revenue came from package implementation. And consulting, 3.7% whereas last quarter was about 5.2%.

**A. Zinduwadia** In terms of this package implementation, are they more related to e-commerce and Internet?

**SD Shibulal** We are predominantly in the SAP and Oracle Financials. We are also – in CRM.

**A. Zinduwadia** Yes; the question is, then, they have gone down from 22 to 20%. In terms of value, what is the scenario now and for the next quarter? Any indication there?

**SD Shibulal** 20 – could you please repeat that?

**M. D. Pai** We've come down from 22 to 20%, but in terms of absolute revenues, we've gone up from $21.2 million to $22.71 million. This consists of about five to six items. Some of them have gone up, some of them have come down. I think they should remain within a narrow band going forward.

**A. Zinduwadia** Okay. Thanks a lot.

**Coordinator** Our next question comes from David Grossman.

**D. Grossman** Hello, how are you?

**M. D. Pai** Fine, David.

**D. Grossman** Hello. Just a couple of follow-up questions to some of the comments that were made earlier. First, could you repeat what the bill rate is for onsite versus offsite this quarter versus last quarter?

**M. D. Pai** Yes, David. Let us give you the figures of what the bill rate is for onsite and offshore. Onsite this quarter, we have had $138,400. Offshore, $65,200. Onsite has gone up 2.1% sequentially. Offshore has gone up 1.1% sequentially. This is despite a decline in the share of dot-com business, from 9.5% to about 5.7%. The dot-com business, the blended rates have been higher at $106,000 per person-year, as against a blended rate of $89,600 for the entire company. As regards the blended rate, it has gone now from $90,400 to $89,600. There is no cause to worry, because the offshore business has gone up from 63.6% in terms of effort, to 66.7%. The blended rate is an amalgam of the offshore, onsite, and depends upon the mix. If offshore is higher, it will come down slightly.

**D. Grossman** And are the bill rates, sequential increase that you saw this year – I know Phaneesh made a comment that sometimes it’s hard to look at sequential moves, given the –

**N. Murthy** David, we are not able to hear you.

**D. Grossman** Can you hear me now?

**All** Yes.

**D. Grossman** I guess I was saying that I did hear Phaneesh say that it's hard to look at, sequentially, the change in bill rate sometimes, given the mix of business and the customers, etc., but is – based on your historical reference points, is a 2% sequential increase and a 1% sequential increase offshore, are those reasonable expectations, do you think, for the next calendar year? Hello?

**Coordinator** All callers, please stand by.

Mr. Murthy?

**N. Murthy** Yes.

**Coordinator** You may continue, sir.

**N. Murthy** David?

**P. R. Ganapathy** David's question was, what should expectations for bill rate increases be going forward? Would something like what we've seen this quarter be normal expectations going forward?

**N. Murthy** Speak a little bit louder, Guns

**P. R. Ganapathy** David's question was, what should bill rate increase expectations be going forward? Would what increases we've seen this quarter be normal going forward?

**N. Murthy** Well, I think, David, as we have said, our target is to make sure that our net margins are protected. Other than the fact that we had to take a one-time extraordinary provision for EC-Cubed, we are at the same margin as the prior quarter. So I would say that our target is to get such per capita revenue productivity increases; that will ensure that we maintain our net margins. And that could be anywhere from 4, 4.5% to 8%, based on the various inflation and increase in salaries, etc.

**P. R. Ganapathy** That's per annum, I presume.

**D. Grossman** Hello?

**P. R. Ganapathy** Mr. Murthy, is that per annum or on a sequential basis?

**N. Murthy** I'm sorry?

**P. R. Ganapathy** Is that on a sequential basis or per annum?

**N. Murthy** This is per annum. Per annum. If we can get on a per annum basis of anywhere from 4.5 to 8%, we are in business.

**P. R. Ganapathy** David, any other questions?

**N. Murthy** That's what I meant.

**P. R. Ganapathy** David, are you there?

**N. Murthy** Are we closing now, or –

**Coordinator** Our next question comes from Bhavin Shah.

**B. Shah** Hello, sir, how are you? I want to go back to the initial comments Phaneesh made about the fact that strategy consulting is no longer in vogue, and I'm just wondering if that's a shift in sort of demand behavior of customers, or does it portray something else, such as an upcoming slowdown in actual development activity? Because if the front-end work is not getting done, does it mean that customers would also be doing less project work in the future? And I have a follow-up question.

**Phaneesh Murthy** Bhavin, I think that one thing which is definitely there, I believe, is that just a strategy consultant without – people are looking more for end-to-end pieces. They're looking for concept through execution. So I think that is one trend. And I don't know, because if the general theory on a slowdown is that discretionary spend does get cut, and discretionary spend does tend to utilize a lot of these consultants, so it could be a combination of both the factors. Difficult to – I wouldn't be able to put a figure on how much is attributable to what.

**B. Shah** So in this respect, the issues of, for example, slower growth prospects for companies like Sapient, which are both engaged in the strategy part as well as end-to-end solutions, if I understand them correctly. Maybe the slowdown they are seeing is primarily for customer strategy consulting; is that your read, as one of your key competitors, I guess?

**Phaneesh Murthy** Yes, I think that's my belief. I think my belief is that toward the next 12 months or so, just pure independent strategy consultants will find it difficult. That's my view, based on customer sentiment as expressed to me.

**B. Shah** Sure. Thank you. Now, going back to some figures that Mohan mentioned, if I understand the figures correctly, does that imply that you are in process of creating capacity for another 10,000 people, just reading the square-foot figures that you had mentioned?

**M. D. Pai** Bhavin, as we have told in the last couple of conference calls, we need to make sure that we have infrastructure much in advance of our requirements, and even if we keep a part of our infrastructure vacant, it does not add much materially to our cost. Because when the growth does come and there is a positive upturn in the market, we should be able to take charge of it and go for it. Narayana Murthy made a comment in the morning that we are prepared for high growth. We have the people in place, we have the infrastructure in place, we have the management bandwidth, and now things under our control, we kept it quite under control.

**B. Shah** Okay. So if you are trying to differentiate this as a leading indicator of Infosys' visibility for revenues, versus being prepared for opportunities, is it a combination of both, or is it just one of the two?

**M. D. Pai** It is an indicator of revenues, yes, it is an indicator of revenues.

**N. Murthy** Well, you know, Bhavin, I said in the morning our plan is to grow at industry-compatible growth rates, but however, we will seize any opportunity to accelerate that growth rate, and that's evidenced by the fact that we have people, we have created physical infrastructure, we have put in technology. We have put in processes and systems. I think the name of the game is simply this: be nimble. Plan for the industry-compatible growth rate, and at any opportunity to enhance it, enhance it. And that's what we have done in the past, and we believe that's what we'll continue to do.

**B. Shah** Okay. My final question, and my – I hate to use the "R" word, but it was mentioned that if there is a recession in the US, you would see some kind of impact in two quarters. Could you walk us through the mechanism in which that impact would be seen, in the sense that – and how does it filter down to Infosys' level?

**N. Murthy** Let me first give my general view and then I'll request the experts like Phaneesh to take over. When the recession happens – well, okay. If and when the recession happens, people will become much more cost-conscious. They will cut all discretionary spending. But at the same time, business doesn't come to a standstill. That is also the time, as we have seen in the past recession periods, in '92 and the eighties, etc., they will look for better value for money. And given the fact that the Indian software industry has positioned itself as very high value for money players, our view is that the impact on this Indian software industry will come much later than what will happen in other countries, players who have built up much higher cost structure.

I think as I've made presentations in Hong Kong and other places, I think that is the advantage of our global delivery model, and we believe we'll be the last ones to hit. Phaneesh?

**Phaneesh Murthy** Actually, I want to just add one dimension to this. Is it a slowdown or is it a recession? I still do believe that's the key question. One thing we are finding is that customers want to continue to invest in technology, because that can save them significant amount of money in their operations. So technology is increasing productivity, technology is saving them a fair amount of money in their operations. So consequently, we think that technology investments will continue in some sense or the other.

So what happens then is that if the investment has to get cut, the work will probably still have to be done. I mean, it's not – the quantum of work is not getting cut; it's just that the budgets are getting cut; the amount of money available is less. So from that perspective, we could very well end up in a nice and sweet spot for these customers, because of our ability to execute this stuff.

**B. Shah** Thank you. And I have one last question –

**Phaneesh Murthy** If it's a flat-out down and dirty recession, who knows what could happen.

**B. Shah** Okay. Thank you. The final question I had was, are you looking at any sort of strategy around the stock options scheme with respect to – I believe the last options were issued around [Rs.] 6,300 share price. Are you looking at re-pricing them if necessary? And just the general thoughts on the employee motivation and what –

**N. Murthy** Yes. I don't think we have anything about re-pricing on the table. As I explained in the morning, under 1994 Plan itself, which is going to get vested by 2003, we have 1500 plus, 1575 or so people who have options under that; they have considerable money. And these are people with two, two and a half years of experience at least, and it goes to 15 years. And these are all module leaders and people like that. So that's one.

Under the 1999 India as well as the ADS plans, Bhavin, only 10% has gotten vested, and it will become fully vested by 2003. And our people – people have seen us – since this is a company where a lot of people have seen benefits from stock option plans, they do understand that they have to work hard, they have to improve the parameters, and they will see the benefit. So there is that kind of understanding, there is that kind of appreciation in the company. I don't think re-pricing is an option that we are looking at, at all, at this point in time.

**N. Nilekani** We may need to close the session now. Are there any more questions, or we can close?

**P. R. Ganapathy** Michael, how does it look? Do you have a lot of questions?

**Coordinator** There are about eight more.

**P. R. Ganapathy** There are about eight more questions, so can you take it?

**N. Nilekani** We're already at 8:15 Indian time and 9:46 US East Coast time. We'll take about three to four more questions, and close.

**P. R. Ganapathy** Okay, Michael, take another three questions. Take four questions.

**Coordinator** Very good. Our next question would be coming from Vinay Datta.

**V. Datta** Hello, this is Vinay Datta from UBS Warburg. Congratulations on a good quarter. Most of my questions have been answered. I'll just ask one important question on billing rates and wage inflation. One of the concerns we have had as a company is that with wage inflation continuing to be very strong, billing rate increases were very important. I know the question has been discussed before, but could you please reflect on future growth of billing rates, in the light that wage inflation has been close to about 30%? And the effect on margins as a result of that. Thank you.

**M. D. Pai** What we have said right now is that if you get an average blended rate increase of 4.5% to 8%, that should neutralize any wage inflation or increase in costs going forward. That's a minimum required for us to make sure that margins are maintained within an acceptable band. This is based on a model, which has approximately 25 to 30% increase in salaries' cost base in India, and possibly about 10 to 12% increase in overseas compensation costs. So this is what happened in the past. This is what our model accepts, and this is the minimum that we require.

**N. Murthy** Also, this is on an annualized basis.

**M. D. Pai** Annualized basis.

**N. Murthy** So we believe that we should be in a position to retain our margins.

**V. Datta** Thank you. Congratulations on the good quarter.

**N. Murthy** Thank you.

**Coordinator** Our next question comes from Greg Gore.

**G. Gore** Yes, good morning.

**N. Murthy** Good morning, Greg.

**G. Gore** Good morning. W.R. Hamrecht. I had a couple of detail-oriented questions, and then I wanted to talk a little bit about the earnings model projections. First of all, what was the allowance for doubtful accounts, please?

**M. D. Pai** What's the question, Greg?

**G. Gore** The allowance for doubtful accounts.

**M. D. Pai** Okay. The allowance for doubtful accounts in this quarter have been $1.55 million, of which about one million dollars has come because of the provisioning against EC-Cubed. It is 1.4% of revenues for the quarter, as against 1.1% the previous quarter.

**G. Gore** Thank you. Secondly, what was the utilization rate including training?

**M. D. Pai** The utilization – the trainees are not included in the utilization. Including trainees, (cutting out).

**G. Gore** I'm sorry, I missed that. Could you repeat it, please?

**M. D. Pai** Excluding trainees, the utilization rate has been 77.6%, as against 80.5% the previous quarter.

**G. Gore** Correct, and –

**P. R. Ganapathy** Including trainees, it was 66.7% this quarter against 65.4% last quarter.

**M. D. Pai** Yes. Including trainees.

**G. Gore** Thank you. And then lastly, is now the appropriate forum to discuss earnings projections? And if so, I'm hoping that you can give both top- and bottom-line guidance. Thank you.

**M. D. Pai** Greg, what we have said in the conference calls in the morning and today is that our growth rate will be industry-compatible growth rate for the software service industry in India; that is what we expect to grow next year at the bare minimum. And we are prepared to take advantage of a positive upturn in the market. We have the people in place, we have the infrastructure in place and the management, bandwidth in place.

**G. Gore** And what growth rate is that expected to proceed at?

**N. Murthy** Well, you know, Greg, the NASSCOM, the National Association of Software and Service Companies in India, has publicly said that they expect it to be 50 to 60%. And they have said that the industry will grow from \$6.2 billion as of March 31st, 2001, to \$9.5 billion as of March 31st, 2002, which works out to approximately 52, 53%. And we believe that that's the one that we planned for, and as I said earlier, we are prepared to seize any opportunities to grow faster, if such opportunities arise.

**G. Gore** That would imply an increase to at least my revenue model. And what about margins? Both gross and operating margins?

**M. D. Pai** We have a gross margin of about 47.3% this quarter, and we had a gross margin of 48.7% the previous quarter. We have said that we should expect to have gross margins within an acceptable band. So I do think that a gross margin somewhere between 46% to about 48% going forward would be something, which we could foresee on a quarter-to-quarter basis.

**G. Gore** Great. And then lastly, what about operating expense margins?

**M. D. Pai** I think the SG&A expenses which have been there for us have been in a band of 12.5 to 14.5%. We've always said that in case of an expansion in margins, we shall spend much more money on marketing. And going forward, this band should be the band quarter upon quarter.

**G. Gore** Great. Then finally, capital expenditures. This quarter was a little higher than I expected, at about $25 million. Is this a reasonable run rate going forward per quarter? Thank you.

**M. D. Pai** I think it's a reasonable run rate to have capital expenditure about $25 million going forward, because the base of manpower is higher than in the past.

**G. Gore** Thank you very much.

**N. Murthy** Thanks a lot, Greg.

**P. R. Ganapathy** We'll take another two questions and then we'll wind up.

**Coordinator** Our next question comes from Ajit Chengu.

**A. Chengu** Hello. Good results. This is Ajit from W. I. Carr securities. Wanted one trend thing. Basically your top seven clients have revenues given to you of more than $10 million. The other are less than $5 million, around that region. How big are you as a vendor in most of these accounts, given that most of them are Fortune 1000 and they should be having substantial budgets? So how much could be roughly your approximate contribution?

**Phaneesh Murthy** I think, you know, if you're looking at a percentage of their IT spend, in general we tend to be very, very small. Certainly, large, publicly-held financial services companies which spend between $1.5 and $2 billion on IT, and spend a few measly million dollars, a few million dollars with us. It doesn't really make a difference. However, I think the way we try and measure ourselves is, how core are we to business operations? And remember one thing, that for a million dollars is more person years with us, so the impact is felt a little more broadly in terms of the actual deliverables and the actual output with us. So even if we are small as a percentage, in terms of the deliverables output we may be actually felt a little more, and we try and make sure that it's all in the core business operations in the mission-critical part of the business.

**A. Chengu** Okay. Just one last thing. Your utilization levels slightly have gone down these last few quarters. Is this primarily because you're looking at more opportunities in the future? What I mean is, right now, there are not much

– enough projects where you like to bid. Is that the way, either because of price points or technologies which you want to target?

**M. D. Pai** Utilization has come down this quarter from 80.5%, excluding trainees to 77.6%. This is primarily because of accelerated hiring for the previous quarter. But on a year-to-year basis, the utilization has gone up to 80.8% YTD this year, compared to 78.6% in the previous year. So utilization is a function of the growth of the business and a function of the hiring that we do from quarter to quarter.

**A. Chengu** Okay. Thank you.

**Coordinator** Our next question comes from Irfan Veerjee.

**I. Veerjee** Yes. I just wanted to follow up on the issue of wage inflation. Can you discuss with a little bit more detail – I know that you've gone over the rough numbers – but more on your outlook on wage inflation –

**N. Murthy** Could you please speak a little bit louder?

**I. Veerjee** Yes, sorry. Just more discussion on your outlook on wage inflation, and specifically, if there has been a structural change in the renewal of contracts for employees, meaning that is there a larger demand or cash component part of the salary in negotiation right now for renewal of contracts? And whether that bargaining power has switched in terms of favoring the employees when it comes to that renewal.

**M. D. Pai** There has been no increase in the demand from employees for higher salaries as compared to the past. We have an annual salary hike in Infosys, and the range of the hike so far looks to be the same as earlier years. It cannot go up from the range that we are in the previous years.

**N. Murthy** Yes, 20% to 30% has been the range, and we don't see any difference at all, no.

**I. Veerjee** Okay. Thank you.

**P. R. Ganapathy** Michael, I think we'll conclude at this stage.

**Coordinator** Very good, sir.

**P. R. Ganapathy** Ladies and gentlemen, thank you very much for taking time out. This has been a longer than normal call, perhaps because of greater than normal concerns in our industry. As management has assured you, things have been going well, and we continue to work hard to meet and beat your expectations. This conference call will be archived. A replay will be available till the 9th of February. I am available at 1-800-ITLINFO, extension 3030, to answer any detailed questions that you have during the day. A transcript of this call will be made available at our Web site over the next three to four days. Thank you very much, ladies and gentlemen, and have a great day.