CLSA
Third Quarter Result Conference Call hosted by CLSA
January 09, 2001, 2:30 pm IST

This transcript was prepared from an audio recording. Consequently, there may be errors and omissions. Infosys Technologies Limited cannot and does not vouch for the accuracy of this transcript because of the possible risk of mishearing.

Operator: Good afternoon ladies and gentlemen. Welcome to the CLSA Conference Call on first three quarters result. Our guest speakers of today are Mr. Narayana Murthy and we have Mr. Bharat Parajia as our chairperson. Mr. Parajia, would you please go ahead with the call and I will be standing by for the question and answer session. Thank you.

Bharat Parajia: Thank you very much. I am Bharat Parajia from CLSA. I welcome everybody onto this conference call. And first of all, let me congratulate Mr. Narayana Murthy and his team for yet another spectacular performance. And today, we have with us Narayan Murthy, the Chairman and the CEO, Mr. Nandan Nilekani, the MD and Chief Operating Officer and Mr. Mohandas Pai, CFO.

The way we would like to begin is we would like Mr. Murthy to give a brief overview of the industry first, then we will request the fund managers to ask him the questions. And after that the analysts can put their questions to Mr. Murthy and his team. Thank you.

Narayana Murthy: Hello, this is Narayana Murthy from Infosys. I have with me Mr. Nandan Nilekani, the Managing Director, Mr. Mohandas Pai, the CFO and the heads of all the functions. We will be in a position to answer all your questions in various areas – finance, HRD, quality, productivity, MIS, planning, etc, etc, and sales and marketing of course.

Let me first start with an overview of the quarter that has just gone by. Let me talk about it from the industry point of view. First one, of course, as you people have already seen, the company **….. <audio blackout here> ……** made a provision for $ 3 million in EC Cubed. We have been able to obtain a good net margin of 30%. Yesterday, you would have seen the results from Satyam.

Now, what this really translates into is this – while there is all the portents of a slow down in the US **…….. (audio blackout here> …….** Now there are various analyses as to how this money would be spent. One of the views is that the several corporations have decided to use the existing hardware, to extend the life of the existing hardware from perhaps to a longer period, maybe by a year or two more. And the thing is that there is going to be focus on software because at the end of the day, every corporation has to make sure that it can compete in the marketplace. And to do that they need good information systems. And who better than companies that can provide customized software solutions, that is, the Indian software companies.

The second trend that we have also seen is that in the survey that we ourselves conducted, headed my colleague, Phaneesh Murthy - Head and Director in charge of sales and marketing. These are issues of greater detail. We have seen by and large considerable optimism in continuing strong relationships with Infosys as well as in perhaps enhancing the revenues. The key question that we have to remember is because the Indian software industry gives value for money, because the Indian software industry has also been able to ramp up pretty well, we believe that the customers will look for better value for money. And being, you know, being able to do bigger projects for obviously less money.

And also those companies, those Indian software companies, which will give end-to-end solutions will be the winners simply because on the one hand, there is a little bit of skepticism about high-priced consultants out in the United States. Now, if the Indian software companies can start with the requirement definition and provide implementation and maintenance, then we believe that those companies have a good future. However, issues like dot.com companies, - we all know what has happened to dot-coms. So, that is one area that any company with a de-risking model would try to mitigate.

Another area that one has to be very careful is the R&D area and also perhaps even the telecom area. Because if the dot.com companies have by and large, you know, disappeared, now, we must remember that the next one perhaps could be those companies that support the Internet. Now, I am not saying that that market is dry, but we must realize that is another area that one has to look at very carefully and particularly in terms of R&D.

Anyway, I would overall say that there is considerable opportunity for Indian software companies because **….. <audio blackout here>**

Nandan: Actually, we have received substantial external validation of what we are doing **….. <audio blackout here> ……** Bajaj award as the No. 1 company for quality in the services sector. And we are also rated by the Far Eastern Economic Review as the most admired company in India.

So, I think our investment in quality, our investment in people, technology, and infrastructure, and customer satisfaction and our focus on giving value for money using our global delivery model. **….. <audio blackout here> ……**

MD Pai: The point I want to make is that our operating profits under Indian GAAP have almost been the same as Q2 of this year if you remove the one time investment hit that we took of 2.4% of revenues amounting to Rs. 13.08 crores. Net profit margin, if you factor in the provision, would have been almost similar to **….. <audio blackout here> ……**

Narayana Murthy: Phaneesh, do you want to come in comment about the market and inform the details.

Phaneesh: Sure. I think when we did our poll -- I will just and try and capture customer's sentiments a little. **….. <audio blackout here> ……** We think a lot of the companies are realizing that technology is indeed giving productivity and investment in technology can also pay off in terms of reducing their own operational costs quite dramatically. So that is one.

The second major sentiment, I think that we are seeing is – only strategy consultants are out. I think that was the flavor of the month. **….. <audio blackout here> ……** Groups of partners have been executing end-to-end – from concepts through execution through implementation, that is the second one.

The third thing that they are also thinking is – we are seeing, a lot more large India initiatives done for quite sometime in the last 12 to 18 months. **….. <audio blackout here> ……** Now, we can throw the floor open to questions from the fund managers.

<u>Q&A</u>

Question: Just looking at the comment, in terms of what you are looking for as an industry comparable growth rate. In the last five years, the Indian software industry has grown in the range of 50 to 60% according to NASSCOM. Infosys has grown between 50 and more than 100% in that range. So, when we think about the industry comparable rates, what sort of industry rate do you have in mind in the coming year? You know, clearly, you know, since you are in the leadership position, you probably have a better idea of that.

Narayana Murthy: I think we may grow at industry compatible growth rate and that has been I believe NASSCOM's estimate of the compounded annual growth rate – for five years to about 52.5% or so. Now, when we plan, when we start the year, our planning is to make sure that we grow at least at the industry compatible growth rate. But as I have said many times before, as Mr. Nandan Nilekani said this morning again, we prepare ourselves to seize any opportunity for a faster growth rate. In other words, we make sure that we have people, we make sure they are well trained, we make sure that we have other technologies, the structure etc, etc.

The idea is to plan an exciting growth rate and as you keep moving forward, quickly seize the opportunity that allow you to grow faster. And we have demonstrated it, you know, several times in the past.

Question: And sir, based on your recent analysis, do you see that opportunity to grow faster than that 52.5% growth rate that you mentioned?

Narayana Murthy: As I said, you know, when we start our planning I told you, when we start our planning, we will start with industry compatible growth rate for the past several years. And as and when we see opportunities you will not find us wanting in terms of, you know, seizing those opportunities.

Question: The comment about the R&D, impact on the R&D related business, one thing would be that telecom equipment companies are, you know, wayward – the last thing they touch is their R&D budgets. Because if they slowdown on R&D that affect their ability to deliver products. So, I was trying to understand the context of your comment, please.

Narayana Murthy: No, I was only saying this in the context of what we have seen. If you look at the technology companies, the dot.com companies, the technology companies, as well as the telecom companies in the US, you know, you are seeing how they have gotten affected. So, I was only saying that this also could be one area that we have to keep on our radar screen. That is why, if you noticed, we have started giving you data on the contribution to the revenue from telecom startups. If you remember, this quarter we have started giving you that data because we have put it on the radar screen. As a company that believes in a very prudent derisking model, we at all points of time want to make sure that anything that we think could lead to an issue we want to monitor very carefully. It was in that context that I made, the point that we have to look at the telecoms companies too very carefully.

Phaneesh: Just to add to your point on, you know, slashing of R&D budgets by telco equipment companies. I think you are right. Some of the large telco equipment would not want to slash R&D budgets because they delay their ability to deliver products. But what happens is that some of the venture funded companies find it very difficult to get the next round of venture financing and consequently that could impact our revenue stream. So that really is, I think, the context in which Mr. Murthy was talking.

Question: I would like to congratulate the Infosys management team in putting out a good result in terms of a sequential state as well. I have a couple of questions on the few key metrics. The first one being that on a big picture basis, we are hearing continuously from most companies who are doing a lot of soul searching at such times as to what the marketplace will turn to be. And the feedback we seem to be getting is that the offshore part of out sourcing is definitely going to see acceleration.

Now, my question is that there are two more revenue streams - places that Indian software companies currently are exposed to. One is the pure onsite where there is no offshore relationship as on today. And the second is when you are adding new customers. Now, in the total three streams of business, existing offshore, existing pure onsite, and new customers (which maybe onsite or offshore), what are you seeing? Because you poll has been obviously with existing customers. Can you give us some clarity on these other two streams? Because if you believe that the US-based IT solutions industry is facing lot of problems, they are also playing on the same out sourcing theme so that Indian companies are at a lower price point, even in onsite, which we completely agree and believe that point. Can you give us some trends in the onsite, pure onsite, and new customer addition of what is happening there?

Nandan: We do not do any of the (what you call as a) pure onsite services. So we cannot really comment on that. In terms of new customers, we added 26 customers in the last quarter which is comparable with previous quarter. But I think the key thing which is also the feedback that Phaneesh got from his pool is that customers are keen to get the maximum value of their IT budgets. As Mr. Murthy mentioned, they would like to extend the life of their hardware investments and they would like to make sure that they get the highest possible value for services. And therefore, global delivery model of the kind that we have offered which has got high quality, high technology and doubly compared to prices is in fact a favorable condition in today's marketplace.

Narayana Murthy: I think that is the key, you know, a company with the global delivery model, a company that has growth technology, good physical infrastructure, a lot of well-trained people. A company that can give value for money, a company that is a end-to-end solution provider. Now these are the kinds of companies that are likely to succeed in these environments.

Nandan: I think the unique business model that we offer which allows us to give **….. <audio blackout here> ……** the fact that we can have a strategic bench within the business model. The fact that our people can adapt to new changes in the market. All these make up a very compelling value proposition.

Question: Okay, thanks. The other thing I want to check is, you mentioned in your note that startup telecom exposure in this quarter has gone up slightly from 2.7 to 3.5%. However, you also mentioned that overall telecom vertical exposure has come down from 19 odd to 17-odd percent. That would mean that the non-startup telecom exposure has come down. And you also mentioned that the startup telecom exposure is under general concern. So, what should we read from here, non-startup and startup, both telecom vertical exposures are under concern. What should we read from this?

Narayana Murthy: No actually what you should look at is this. In terms of absolute revenues on telecom, it has gone up. If you were to compare Q3 of this year with Q3 of the prior year, the growth is about 167% as against the overall company's growth of 120%. What this really says is that telecom has contributed more significantly than others. But the point I was making is that, you also talked about the contribution of telecom startups going from 2.7% to 3.5%. But the point I was making is and the point I continue to make is simply this. That you must have good de-risking, you must understand the capability of the company to take up a certain level of risk and make sure that you operate within that risk. You know, that's the point I was making. So in terms of overall scene, telecom has indeed grown.

Question: Okay, thanks. I have a last question from my side. It is on the billing rate growth. Last three quarters, your onsite building rate growth has been around 10% till the June quarter and jumped to almost 18% this September quarter, from there it has dropped to 2% in this quarter. And your total startup exposure has fallen only 12.2 to 9.3%. With the small fall in the startup exposure, the sequentiality movement growth has disappeared significantly. Now, where do we go from here, with 9.3% still outstanding?

Nandan: Let me answer that question, one by one,

Narayana Murthy: Excuse me – we will answer one by one, otherwise what happens is we will forget the other things. Now, you talked about this growth in per capita revenue productivity. But realize one thing that quarter upon quarter, you cannot get a 15, 18%. It all depends upon how many new customers come, at what per capita revenue productivity they come. The overall thing is to look on an annual basis where we go. And as you know, in the past, we have indeed demonstrated that we have gotten enough growth in per capita revenue productivity not only to just maintain our margin, in fact improve our margin. Mohan, what has been our margins in the last four years.

It has increased anywhere from 19% to 32% or so. Now, the question that you have to look at it – don't look at quarter-by-quarter because it all depends upon how many customers have come in, what is the length of business, etc, etc. How much of it is offshore. How much it is onsite, etc, etc.

Nandan: Also, I think, you see the dot.com blended revenue for us is a $106,000 whereas the company average is $89,600, so when the dot.com dropped from 9.5 to 5.8% that is bound to have an impact. Also the change in the onshore-offsite mix, in the last two quarters we had seen the onsite going up. This quarter the onsite effort has come down from 36.4% to 33.3%. And also I think the point that Murthy made that you cannot expect every quarter to see double-digit improvement on a sequential basis on revenue productivity.

Question: Just the last part of the question was that you still 9.3% exposure to dot.com plus telecom startup.

Nandan: I think we can tell one thing, we are confident that we will be able to achieve per capita revenue growth from our non-dot.com, traditional economy businesses. **….. <audio blackout here> ……**

Question: Looking at the last couple of quarters, there has been slight shift in business again away from time and material to fixed cost and also as you were saying earlier, the onsite component appears to be coming down as a percentage of revenues in favor of offshore. Over the next three or four quarters, do we expect onsite time and material to come down even more from the levels currently or should we expect to see the same set of metrics that we are seeing this quarter?

Narayana Murthy: Well, you know, when we planned the thing, obviously we planned on the basis of moving average. So, obviously we take in to consideration what has happened in the last two quarters and what is good. As I said earlier, as and when the demand changes for onsite or for offshore, offshore in the sense of having the relevant requisite technology, requisite physical space, requisite processes, on all that we are prepared. For both ways we are prepared. But, I would say our planning is on the basis of whatever happens in the last two quarters.

Question: I am not clear if when should we expect the onsite component to change with the next four to five quarters.

Narayana Murthy: Well, I think, this as I explained to you earlier, we have seen movement towards offshore and our planning is based on the moving average of this ratio in the last four to five quarters and obviously the last two quarters will have much higher bearing, much higher weightage. But, I am saying we are prepared if it moves either way. But, all our planning is on the basis of the last quarter, you know, last quarter swings.

Question: Can you tell us which particular vertical and technology areas would drive revenue productivity going forward?

Phaneesh: Sure. I think one of the market which we have always believed in vying for is technology because technology is key to delivery of services. The next is the financial services marketplace, you know in financial services we expect our business to be fairly strong. I think that has been the marketplace which drives. The second one is the telco marketplace, again, and we are in, you know, not withstanding whatever the conditions of the market. I mean, you look at the - just the broad fundamentals, those are probably still the areas where things are going reasonably well for us.

Question: How about technology related software development. Do you think per capita revenue growth will be higher there, compared to business software?

Phaneesh: That is the communications and, you know, that is what we are talking about for the telco companies and stuff like that.

Question: You have been maintaining that you have about 60% visibility on your internally projected revenues, which means the rest comes from, you know, the customers who have small sized projects. Now, what's your outlook on the market for small sized projects going forward?

Nandan: No, actually when we say we have a visibility of 60% for the next quarters on a rolling basis is that these are things that we have had discussions with our customers and there is a, you know, these are the things that are going to happen, existing customers. These are projects that have been identified etc. But, even with existing customers, there will be new projects that come up. So, it is a combination of new project with existing customers as well as new customers, new projects etc. And it is not necessarily that those that 40% will come from small projects or anything like that.

Question: Mr. Murthy, you mentioned you did give an industry overview in the beginning which we missed out on. Can you just give us a sense of how, you know, the market for small sized projects would be like going forward, considering the slowdown that is happening in the major markets?

Narayana Murthy: Well, let me put it this way. You know, we don't categorize in terms of small projects etc. What has happened is this, that basically world over the cycle-time of projects have gotten reduced in all sectors and what we believe is this, as again perhaps 12-15 months, or the last time of project, two years ago. Now, we are looking at somewhere between six to nine months. So, in that sense, I think projects are becoming shorter and shorter. But, the key question is as, you know, I have pointed out in my statement, the point is simply that we will continue to do large strategically important technology intensive project with Fortune 1000 companies. So, there is no doubt at all that these will continue to be the main bedrock of our growth as we move forward.

Shibu: The shift also could be that instead of one large project, we have a number of smaller projects of 6 months to 9 months under the umbrella of one single program which the customer has.

Question: In other words, you are saying that it could be, the deliverables could be multiple?

Narayana Murthy: It could be seen as multiple projects.

Question: Last quarter, you had made provisions for receivables greater than 180 days. Could you give us the corresponding figure for this quarter?

Mohan: We have a total project of something like 14 crores on the balance sheet for accounts receivable because that is the sum of the provisions for accounts receivable over 182 days and also for accounts receivable below 182 days. We proactively provide accounts receivable over 182 days. We have a provision of 9.08 crores at this point of time and for accounts receivables below 182 days, we had reviewed the portfolio, we made a provision of 5.31 crores. Totally, we have provision of 14.40 crores as on date. For this particular quarter, we made a provision of Rs. 7.26 crores as against a provison of **….. <audio blackout here> ……**Totally for this year we made a provision of Rs 12.46 crores as against a provision of Rs. 2.18 crores for the corresponding period in the previous year

Nandan: This is cumulative?

Mohan: Cumulative and for this quarter, we made a provision of 7.26 crores as against a provision of 4.78 crores in the previous quarter. Totally, for this year we made a total provision of 12.46 crores as against a provision of 2.18 crores for the corresponding period in the previous year. This is after writing off whatever had to be written off within the current year.

Question: I just want to go back to the industry. The IPS companies in the US have not been doing too well. Now, has there been a positive fallout from the decline in the IPS services' ones in the US to companies in India. Can you give us some specific instances where this could possibly have happened?

Phaneesh: Yeah. I think what is happening is that, one is that, we have been winning deals against many of these companies like Cambridge, --, IXL, Marchfast, Proxicom, that is one. The second thing is, I do believe that the fallout of what is happening in the e-services or IT services companies in the US, will be a little more going down. Because what happens is that employees start leaving after one or two quarters of, you know, with their options going underwater. And, all of this crash has happened probably since August-September. So, you will find that, you know, Cambridge for example, in the market at least the rumor is that they are not being able to complete their project, primarily because their attrition is so high. So, that is going to start happening to more and more companies and therefore the stable companies, I think, will be the one which will be the winner in that.

Question: The customers that you have been adding on, have these been at higher rates in this quarter, like you added the 26 customers, have you been able to negotiate better rates compared to Q2?

Phaneesh: See, I mean, broadly we have a overall yield management system in place. So, it depends on, you know, the capacity that we are committing for the customer, you know, the size of the deal and so on and so forth. So, it will always, you know, any quarter will always be a mix of customers who have higher revenue average and some customers who are probably lower than the average.

Question: Can you just give us more color on the, you know, the poll that you did with your customers. Can you give some more details of that in terms of vertical or technology, anything else? Because we have few details on that.

Phaneesh: Okay. I think, basically, this poll was with our customers. These are with the CIOs of our customers. We covered all the industries. We covered financial services including banking and insurance. We covered retail. We covered telco and we covered a couple of manufacturing. The idea was to talk to a cross section of industries, particularly those companies who give us a fair amount of business. So, you know, basically prepare for you guys because we knew you guys would be asking us these kinds of questions in terms of what are the customers looking at and what the outlook is.

We were actually quite, you know, pleasantly surprised to find that the IT spending overall is actually going up or it is expected to go up from the budget perspective. The median from our calculation was about 7 to 8%. It was also looking like that is very much in line with what other industry estimates that the median spending is going up. I think there are three or four sentiments which I would like to close since you asked for the color.

One is that, there is no doubt that strategy consultants are creating a fair amount of frustration in the customer's mind. They are looking for people who can take something forward and really execute completely, so concept through execution, I think, is going to be the key going forward. That is point No.1.

Point No. 2, I think, customers have discovered that 'e,' you know doing something which is related to 'e' is not rocket science. And therefore you probably do not need pay $400,000 or $500,000 **….. <slight audio blackout here> …….**

The third thing is that, because of the general slowdown and the concerns about people deployment and so on and so forth, we do believe that internal staff and close partnerships will be given first options before they actually go out to bid to anybody else.

And the fourth thing is, I think the urgency has come down a little because the dot.coms have just completely evaporated. So the, you know, the pressure to move to click-and-portal while it is still there because for business reasons or simply because it can reduce their cost of operations dramatically by having an integration of supply chain or by going direct to the customers, etc. The pressure that you might be put out of business because of a dot.com, that pressure has gone away. So, therefore the urgency is probably just a little lower in terms of wanting to get this stuff done.

Question: This is regarding the third point that you made regarding internal staff being given first option. Can you just update on that. One of the concerns is that there could be, you know, it could be politically difficult for US companies to export jobs to India. What is your view on that?

Phaneesh: It is an interesting observation. Eight or nine years ago, you know, when there was a kind of a recessionary phase when the US economy had not yet taken off in a big way, we used to be, you know, the people would move towards but did not want talk about it. You know, the business reasons are just too high to do it. Today, I think the companies like Infosys have got a good reputation of, you know, on-time within budget execution. The business reasons far override **….. <slight audio blackout here> …….** I think there is too much of a wave of globalization, there is too much awareness, of, you know, a positive momentum, of being able to get stuff done on time within budget regardless of where it is being done. The Internet has made all of this happen. So, I don't necessarily believe that the sentiment of a key-holding job is going to prevail. However, I do think that it may turn out that the people don't necessarily want to talk about that openly which is a completely different issue.

Question: I wanted to talk about, you know, couple of things. One is, one could think that the real sort of recession has just started in US and, you know, it is going to get more profound in next few months. If there was going to be an impact, and again here we are talking about probably just moderation of growth rates. If there was going to be an impact, when would be the first time you will expect. You know, knowing the timing of the beginning of the recession just being now. Would it be fair to say that any impact, if at all there would be, it will not be seen at least in the next six months given the length of projects etc, etc?

Phaneesh Murthy: Yeah. I think that is a fair statement to make. In fact, we would probably, if it really moves from a slowdown to a recessionary phase, I would say that the slowdown would start in our second quarter, you know, thereabouts, sorry, calendar second quarter which is our first quarter.

Question: Okay. Thank you, and the other question I had was, if you can just comment on, you know, your current thoughts on the other investments you have made. Do you see any more risk or anymore possibility of liquidation of a couple of other key investments like CiDRA or Asia Net Media.

Kris: We have looked at all our investments. At this point, we believe that currently we believe we do not have to make any more provisions. We are constantly reviewing and, you know whenever there is significant impairment of value, we have to seriously look at those things. Our investments are strategic to us. It gives us access to niche technologies and markets. We leverage this in turns to work with Fortune 1000 customers. In that sense, we are not looking at these investments as, you know, a venture investment, but rather as a strategic investment.

Question: I just wanted to check on this, again, on this poll you guys have done when Phaneesh talked about this – 7 to 8% increase in IT budget. Does that include all IT or does it refer to only services side of the IT budget.

Nandan: It is total IT spending.

Question: Okay. And did you guys checkout on the services part as well?

Nandan: No, this is total IT spending and this is also in line with the MSDW, CIO IT services, and the Merrill Lynch survey.

Question: Right. And did you also check on the amount of out sourcing your major customers are going to do in terms of what % increase that they are looking at, over the next **….. <voice fades away here> ……**

Nandan: I think we don't have a percentage, but I think the method, you know, is that that every company is going to try to get more for its IT dollar and therefore they are looking at different means to increase the productivity and reduce cost and logically out sourcing and off shoring is going to be a logical consequence of that.

Question: Being aware of time, I have a very quick question on the comment that Phaneesh Murthy made earlier about the impact about of the previous recession. I acknowledge that was very many years ago, and at that point your business model was quite different from what you have today. Given that today, you do not compete on price alone but compete on a combination of price and quality and value for money, what would you say would be the impact of concerns about a recession on your ability to negotiate prices? You may have briefly addressed this earlier in the call, but I got disconnected briefly. So if it is a repeat, please forgive me. But the background for this question is at present you do have a premium to comparable peer companies in India. Do you still have a significant discount to comparable peer companies in the US in terms of your pricing? Given the lessons you learnt from your previous recession, what impact could we expect on both sides of that cushion?

Nandan: I think if you were to compare with the US comparable, I think our price continues to be at a discount to those prices. And I believe that the value of the offshore models will continue to prevail and actually in a sense the desire to stretch the IT dollar is going to drive more business towards this. So, in that sense I think vis-a-vis in the US comparable there is no issue, even in our recessionary environment. Regarding the Indian companies, I think the advantage of Infosys brand, advantage of our track record of systematically meeting our obligations on cost, quality, and value, and therefore the risk mitigation that comes from that will definitely be more valuable than any price reduction that is possible from somebody else. So, I think with both sets of competitors, we are well placed even if the economy gets into a downturn, more serious downturn.

Question: So, would it be fair to say that the worst case scenario would be growth in volume at flat pricing or if a recession were to occur, given your experience the last time around, could we expect pricing to go down as well?

Nandan: Well, as Phaneesh mentioned, the last time we had the recession was about eight years back when the Infosys revenue would have been about $7 to 8 million. So, it may not be a strictly comparable thing. But, I think the pricing that we have even today is globally competitive and it is our endeavor to ensure that we derive the full value of our pricing capability.

Coordinator: Let me thank Mr. Narayana Murthy and his entire management team for the time that they have spent on this call which was enlightening and for choosing CLSA for the call and also to all the participants who were on the call. And our apologies for the slight technical problem on the call. Thank you very much.

Nandan: I would like to thank CLSA for hosting this call. And see you same time next quarter. Thank you.

Operator: Thank you. This concludes your conference.

Note:
1. During the introductory session before the Q&A, the tape got cut a number of times.
2. We were not sure about the names and the spelling, and the voices sounded similar.