"Tech Mahindra Q1 FY13 Earnings Conference Call"

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MANAGEMENT:

MR. VINEET NAYYAR – VICE CHAIRMAN, MD & CEO
MR. SONJOY ANAND – CHIEF FINANCIAL OFFICER
MS. SUJITHA KARNAD – SVP, HR
MR. L. RAVICHANDRAN – PRESIDENT, IT SERVICES
MR. SUJIT BAXSI – PRESIDENT, IT SERVICES
MR. AMITAVA ROY – CHIEF OPERATING OFFICER
MR. MANOJ BHAT – SVP, CORPORATE PLANNING

Moderator Ladies and gentlemen, good day and welcome to the Q1 FY13 Earnings Conference Call of Tech Mahindra. As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Vineet Nayyar. Thank you and over to you, Sir.

Vineet Nayyar: Ladies and gentlemen, a very good day to you and welcome to the Tech Mahindra first quarter earning call. We have had a steady quarter with an improved profitability. Our non-BT growth has been led by some key wins in the managed services space and we continue to see traction in this area. We will continue to remain focused on margin improvements and expect that the results of some of the initiatives will continue to come during the course of this year.

I am encouraged by the demand we are seeing for offerings like managed services. Deal traction continues to be robust and we are getting invited to large opportunities mainly in Europe. We are seeing some signs of growth momentum in our non-BT business with a sequential growth of 1.5% in the constant currency.

Our proposed merger with Mahindra Satyam has met with an overwhelming support from all stockholders. We look to the progress in this area in an expeditious manner so that we can leverage benefits of unified and larger base preparations. Currently, the process stands at its pen ultimate stage and we have moved the two high courts of Maharashtra and Andhra Pradesh and the merger would be complete as soon as an approval is received from these judicial bodies. In the meantime, we are in the final phases of integrating the processes and systems across the two companies.

Coming to the financials, which you must have seen by now, we had a fairly stable quarter with 1% constant currency growth. Revenue stood at Rs. 1,543 crores, up 19% YoY. In dollar terms, it went up to 281 million. EBITDA margins for Q1 were at 21.4%, an improvement of 440 basis points QoQ. EBITDA in absolute terms was Rs. 330 crores, up 37% YoY. In terms of dollars, 60 million, up 26% QoQ. And PAT including the share of associates was Rs. 338 crores, up 22%, in dollar terms, it was 61 million dollar.

As you would be aware the global economic situation continues to remain volatile and uncertain. The most immediate risk seems to be emanating from delayed or insufficient policy actions by the governments, given our business inherent dependence on the state of global economy, we have not insulated from these economic events. Customers are scrutinizing all aspects of expenditure including IT spend and looking at avenues to minimize financial commitments. Decision-making cycles in the Telecom sector continues to be prolonged but your company continues to ceaselessly look for opportunities at these difficult times because we do believe that for companies of our nature, the opportunities will arise even when the times get difficult.

With these brief comments, I would like to open for questions.

Moderator Thank you very much Sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: It will be pretty helpful if you can just give us an update on the pipelines you had at the end of last quarter? You had produced strong pipeline especially in Europe. So just wanted to get an update if any of them have been closed or any of them are in final stages and what kind of ramp-ups we can expect from the same?

Manoj Bhat: I think at the end of last quarter we had mentioned that there were some deals in the pipeline. I think in some of those deals we have obviously progressed to the next stage in terms of down select**.** None of those deals have closed this quarter and this is what we were kind of preferring to that decision-making is slower than normal but we do reiterate that from a funnel perspective those deals are still in the funnel and we expect to see some closure in terms of the process in the coming quarter.

Srivatsan Ramachandran: My next question is on the margins front. We had an excellent improvement sequentially on margins. Just wanted to know what extent of this is sustainable given that a wage hike is around the corner and what are the various pulls and pressures on the margin line?

Sonjoy Anand From a margin perspective, as we go forward, I think the headwind will be from the salary increases that we have said will be announced effective 1st of July. Tailwinds will come from some continuing benefits from the optimization program that we have had and the other traditional levers of pushing up utilization or broadening the pyramid. Where things will balance out we will see at the end of the next quarter but there will be some mitigation on what the impact of salary increases definitely. The other big uncertainty, of course, remains currency which is something we will have to live with to see and I cannot comment on the sustainability element as far as the currency impact is concerned.

Moderator Thank you. The next question is from Pinku Pappan from Nomura. Please go ahead.

Pinku Pappan: Have you taken a decision on the wage hikes? Could you give us the quantum of the hikes?

Sujitha Karnad: We have taken a decision to have the salary hikes on 1st of July but the quantum is not yet decided.

Pinku Pappan: Could you give us an update on BT? Last quarter you had mentioned that the retendering process has slowed down. Any incremental update from there?

Amitava Roy: The retendering process has slowed down but the internal rationalization of the BT estate continues within BT. So, overall, I think there has been stability in the revenue; however, we will continue to watch it closely as we go along in the next few quarters.

Pinku Pappan: But in the near-term, did you expect BT revenues to be kind of flat from where they are?

Amitava Roy Right now they are stable. As I said we will keep watching it for the next few quarters because if there are further rationalization for the internal estate the spend will go down and that would affect all vendors.

Pinku Pappan: Could you give us a sense of what are the kind of cuts you effected on the SG&A side because there has been a sharp dip in SG&A? Could you take us through what elements of SG&A you have cut?

Sonjoy Anand: On SG&A the benefit that you are seeing, one is a strong currency impact on SG&A because the bulk of our G&A costs are in India. In addition to that you are seeing the benefits of some optimization on the infrastructure side and our continued focus on any discretionary costs.

Pinku Pappan: Do you see this is sustainable, the absolute levels of SG&A?

Sonjoy Anand: The only thing which is difficult to predict is to the extent that the SG&A percentage has been impacted by currency. If the rupee appreciates that benefit will be lost. Let me put it like this that we have always been a company, very focused on controlling SG&A and that focus will remain.

Pinku Pappan: My last question is overall on the margins, could you quantify what is the benefit you have got as a result of just pure currency?

Sonjoy Anand: Out of this 440 basis points improvement, 300 basis points have come from currency and 140 basis points are from the internal cost optimization measures.

Moderator Thank you. The next question is from Manik Taneja from Emkay Global. Please go ahead.

Manik Taneja: Just trying to understand your outlook on business outside of BT if you could talk about what you are seeing across the three geographies and a couple of other big telco clients that we have in US?

L. Ravichandran As we have said, the pipeline in Europe remains basically strong and we are near closing some of the deals where you will see the results in Q2 and Q3 and then US continues to be robust. We have growth in AT&T and other accounts in US, Canada region. And the rest of the world we are going strong in Middle East Africa and then the APAC region. So, it is a broad growth coming from all the regions.

Manik Taneja: And the last question was for Sonjoy. In terms of you mentioned that a lot of that SG&A leverage essentially has come in because a bulk of G&A expenses happened in Indian currency. Just trying to understand if one was to look at purely S&M spend, how has that behaved QoQ?

Sonjoy Anand Overall, I have given you the benefit of currency on EBITDA. I do not have an exact number on what the G&A impact of currency is. I pointed out the other areas that we are focused on and seeing benefits from, we have been able to bring down some of our infrastructure costs through rationalization and also we have been as always very focused on discretionary costs and that has given us some benefits.

Moderator Thank you. The next question is from Sandeep Muthangi from IIFL. Please go ahead.

Sandeep Muthangi: Can you give me an update of how these hiring you are planning for the year?

Sonjoy Anand Sandeep, on hiring, as you know it is consistent with the fact that we do not give forecast, we do not also predict a number. Also, in terms of how we handle this, we tend to do a large proportion of our hiring as required through laterals. And that has worked well for us and that will continue to be our strategy.

Sandeep Muthangi: My question was primarily because Sonjoy was mentioning the continuing improvement this pyramid is one of the actively targeted levers that is one. And then, your commentary is pretty good on some of the pipelines and the conversions. So, I was just wondering if you expect a few of these deals to get converted over the course of the year and if you have a target of an improving pyramid can you actually meet them through lateral hiring?

Sonjoy Anand It is not that we do only lateral hiring, we have also been taking people from the campuses and we will continue to do so in the coming quarters. Also, our current utilization level needs some scope for improvement and even when you do lateral recruitments if the profile is different from the attrition profile, you can still effectively deliver an improvement in Head to Tail ratio

Sandeep Muthangi: Can you share any details of what is the margin impact you expect from the hikes you are giving?

Sonjoy Anand Since we have not decided what percentage of salary hike we are going to give I cannot really give an estimate of the impact on our EBITDA.

Moderator Thank you. The next question is from Madhu Babu from HDFC. Please go ahead.

Madhu Babu: Could you talk about the pricing and the competition in the new deals?

Manoj Bhat Let me first take the pricing question. I think overall what we have seen is that pricing is pretty stable. We have not experienced any undue pressure on pricing. In terms of competition, I think it is usual suspects. I think what we are seeing across the board; especially in managed services deals is that there is an incumbent plus usually at least one or two Indian vendors apart from us. And I think clearly, that competitive landscape has also not changed over the last three months. So, in summary, nothing much has changed both on the pricing front as well as in the competitive intensity.

Moderator Thank you. The next question is from Vimal Goel from Asit C Mehta. Please go ahead.

Vimal Goel: My question is regarding the employee strength of the company. There has been a reduction in this quarter as well. However, when I see your employee costs, they have increased whereas your total number of employees has come down. Just wanted some clarity out there and when do you see the cost optimization in the employee strength? If you are finding traction in your pipeline should not your employee addition show similar signs there as well?

Manoj Bhat So let me pick the first one that your headcount has gone down and your cost has gone up. I think there is a little bit of currency impact in this because our overseas salaries when they convert to rupees, is that what you are referring to or something else?

Vimal Goel: Yeah.

Manoj Bhat So that is the currency impact. I think your next question was since there are these deals in the pipeline why are we not ramping up. I think if you look at our utilization it is still 74% today. I think clearly we are looking at improving that further as one of the initiatives. Number two, I think just in time hiring model we have evolved that model to a point that we can ramp up pretty quickly on some of these deals as required. And the last thing which I want to add as a qualifier is these large deals are usually a binary situation either you win it or you do not. So, I think from that perspective we are taking a balanced approach to hiring.

Vimal Goel: What has been your attrition this quarter?

Manoj Bhat Attrition was about 19%,it is flat compared to last quarter.

Moderator Thank you. The next question is from Hitesh Shah from IDFC Securities. Please go ahead.

Hitesh Shah: Though we heard from a TPI call that you got a mega deal, $1 billion plus on Bharti Airtel but I did not find a mention of the same in the press release. So just wanted to understand that is there a deal that we got from Bharti Airtel and is that really that big a deal?

Manoj Bhat I think we are as surprised as you. I think we will check back with TPI.

Hitesh Shah: So is it fair to say that there was no deal from Bharti Airtel that we won during last quarter?

Sonjoy Anand No billion dollar deal for sure.

Moderator Thank you. The next is a follow-up question from Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: Just wanted to get some commentary going on the non-BT accounts. Some of the larger deals that you had won in FY12, most of them kind of it is in a steady state or we are still in ramp-up mode some of the deals we have won, maybe in first half of FY12 or second half of FY12?

L. Ravichandran This is continuing. Some of the deals have actually reached the steady state and then that transition is over and we are actually doing the operations and billing. And then some deals are there in transition. So, it is an ongoing kind of process and then you will always see some amount of transition going on. So, that basically evens out.

Srivatsan Ramachandran: My next bit was on the Africa BPO business is I have seen pretty steady couple of quarters of decline in headcount and other things. Is it more like a fall out of post the ramp-up stabilization which is resulting in this headcount and if you could just touch upon the profitability of those business?

Sujit Baxsi Overall BPO, we have exited some of the domestic contracts which are not profitable. So, obviously, the headcount has gone down largely on domestic contracts, not in Africa.

Moderator Thank you. The next question is from Ravindra Agarwal from Capital Market. Please go ahead

Ravindra Agarwal: Looking at our utilization, what could be the level that we aspire for like what are the levels that we would be looking at considering that you see some room for improvement in utilization? And secondly, on the Europe side, you mentioned that you see some good momentum. So, could you elaborate on the service lines like in which areas specifically you see some momentum?

Manoj Bhat Let me pick the second one first, as Vineet mentioned in the opening speech I think this whole area of managed services and managed operations that are area of growth for us and within that deals could be split by various service lines but that is the broad area. I think in terms of utilization in the past we have gone up to 76, 77% and that is probably an ideal level from our perspective. Beyond that I think it would all depend on the business forecast and where we go from there. But that would be our comfort level in terms of utilization.

Ravindra Agarwal: And two other book-keeping questions. The tax rate we had earlier mentioned, we are looking at 20 to 24, so is that the same or are we looking at some different number? And the other one on CAPEX, what is the CAPEX like we are looking at for this rest of the fiscal?

Manoj Bhat On tax side, it remains the same; 22 to 24%. On CAPEX, I do not have it right with me, let me get back to you towards the end of the call.

Moderator Thank you. The next question is Nitin Padmanabhan from Espirito Santo. Please go ahead.

Nitin Padmanabhan: You had mentioned that you are exiting non-profitable contracts. So, just wanted to understand two things from a margin perspective. One is if you look at the non-profitable contracts, how big a margin lever would that be versus how much rationalization of infrastructure cost in terms of lever is available? So how do we really look at it and if you can just give a sense of what is the nature of the rationalization on the infrastructure side?

Manoj Bhat I think this is a running and an evolving business decision. I think obviously, when we have a low profitability contract, there are several ways to deal with it and what we would typically do is obviously, try and approach the customer and figure out a model which is beneficial and adds value to them and to us. So, it is not going to be possible for me to tell you that it is going to be x - percentages kind of lever.

Nitin Padmanabhan: The infrastructure rationalization, how much room do we have there and what is the nature?

Manoj Bhat I mean that is an ongoing activity. I do not think that is something which we have a target by quarter. Wherever we see room and it is a function of also how do we consolidate facilities and so on and so forth. So, I think that is more I would say a tactical kind of decision. As and when we see opportunities we capitalize of that.

Moderator Thank you. The next question is from Avinash Singh from Enam Securities. Please go ahead.

Avinash Singh: First of all, I am not sure whether you gave that, I might have missed it, but could you just share the volume growth that you had overall and if possible both in BT as well as non-BT accounts?

Manoj Bhat The overall volume growth is about in a 1% range. I do not want to split it between BT and non-BT.

Avinash Singh: And just a slightly longer term question on BT itself. The percentage share from BT has kind of gone down from 50-odd to current 36% in the past three years. So, are you looking at a number where you are saying BT could settle in terms of an overall contribution? And what is the sustainable level of revenue that you are looking at from BT over the next four, five quarters, do you think it is manageable? Obviously, it depends on macro and BT itself. But based on your communication with the company what sense you get?

Sonjoy Anand We have always said as a management team that our desire is to reduce our concentration from BT but by growing our non-BT business more rapidly than BT. We have always competed for every opportunity in BT and we shall continue to do so. In terms of how things look at BT, I think Amitava had covered it, he can do the same for you again.

Amitava Roy We remain a strategic partner for BT and we are the largest partner. So, we continue to do so and we will want to do so for the future as well. As I said in the past also, depending upon what BT's overall spending is going to be on their IT estate, it may affect all vendors. So, we will be watchful on that.

Avinash Singh: My question was on your offshore mix shift, which I think had some 200 bps expansion this quarter if I am not wrong. I was just wondering what is the sustainable level given that some of the deals that you are pursuing maybe larger in size and duration and may require some sort of an onsite execution as well?

Manoj Bhat Is this the number you are referring to? We have moved from 61 to 62%.

Avinash Singh: It is a 100 basis points expansion, yeah.

Manoj Bhat I think if you see there has been trend first we were pretty high on offshore and then we have moved to an onsite centric model as we go into some of these managed services engagements. One of the things you will see is that it starts off onsite centric and then our intention and focus is on try to offshore it, so you will see some movements, but I think a 1% move here or there is not indicative of any trend from our perspective.

Priya: My question relates more to the $50 million bucket. We have seen a good improvement in the top two to top ten accounts. Do we see this translating into higher client sizes more on the $50 million plus in the coming quarters because I believe more of the offshore work would have come in, in these accounts? So just getting a directional trend. And second question relates to what would be the composition of your top-line now from managed services and how do you see this trend going forward?

Manoj Bhat I will come back to the client question. I think on managed services, it is a broad arena of services under that. I think what we are seeing is as you are aware discretionary spend has been very low in the telecom sector for the last two or three years. So, the other thing is almost all telcos are under pressure in terms of profitability and are looking to optimize cost. So, what they are coming up is with options to figure out a way where they can focus on their core business and combine, I would say, applications and infrastructure and give it to a vendor who has a capability to manage their operations end-to-end. So, today, if you want to take a percentage of revenue I think we would be in that 10 to 12% range in terms of managed services but most of the deals in the pipeline today partially because of the lack of discretionary spend seem to be in the managed services space. So, I think we see that percentage going up. I do not have a number for you in terms of what is the target percentage. Clearly, there are benefits to this kind of a business because it gives you stable revenue streams, it gives you preferred access to development spend whenever it revives. So, I think from a strategy perspective it is something which is very desirable for us. On your second question did I get the question correctly where you are asking $50 million customers….?

Priya: If I look at the top two to top ten, certainly they have increased by around 200 basis points though a fall out of even BT is being declining. My question relates to more ideally, we should have seen $50 million clients going up if I were to look at the average size. And directionally ideally if not this quarter maybe one or two quarters down the line we see an increase over there, what I wanted to check out or is it a combination that you have seen an offshore increase and it is any of these accounts that the overall blended realization has been around $50 million over there?

Sonjoy Anand If you look generally at the telecom sector, the sector itself is concentrated, our clients tend to be very large companies. Once we get critical mass in a client the opportunity and rate of growth does tend to improve there and this quarter also you saw that we did well from our top five, top ten clients. I think in the telecom sector that is largely a trend that you can expect.

Moderator Thank you. The next question is from Ashwin Mehta from Nomura. Please go ahead.

Ashwin Mehta: I had one book keeping question in terms of what is the OCI loss that is sitting in the balance sheet currently.

Manoj Bhat About $100 million.

Ashwin Mehta: And secondly, given that that most of the pipeline that we are currently looking at is managed services pipeline and possibly we will have a slightly higher onsite component. Do you see in the initial period there have been some headwinds in terms of margins because of these deals or the dependents in terms of our growth for this year is not necessarily there on these managed services deals?

Manoj Bhat There are two, three things. I think ideally, we would like to manage a portfolio of deals, in the sense that when a certain deal reaches an invest mode in terms of transition, hopefully, some other deal would be coming out of the investment mode and moving into the billing stage. Having said that I think there could potentially be quarters where if two or three deals are in the transition mode, there could be an impact on margins but that would be typically a three to six months period of transition. The second thing you asked about was the onsite presence. I think onsite presence typically would be reducing progressively over the life of the deal. So the first year would obviously be the highest.

Moderator Thank you. The next question is from Abhishek from ICICI Direct. Please go ahead.

Abhishek: This is Abhishek. Last quarter we had said about our intentions of improving the margins in the BT contract. So, have those realized in the 140 basis points that we have done excluding the FX or there is some scope for further improvements in the subsequent quarter?

Manoj Bhat I do not want to give customer-specific information. I think what we had said last time is that from a BT perspective there could be potentially some volume margin trade-offs and I think that is what we had mentioned, I do not want to get into the specifics of which customer accounted for what margin increase.

Abhishek: The second question I have is in the dollar million plus client metrics we have seen a substantial reduction. Anything we should be aware of or we should read into that data point?

Manoj Bhat I think nothing specific to read into that at this point. I think some of those impacts might be some customers and you know two of them; I think one was Cox Wireless which was back in December quarter and one was Etisalat which was last quarter, that could explain some of it but otherwise there is no such trend of where we are losing customers in a certain bracket.

Moderator Thank you. The next question is from Vimal Goel from Asit C Mehta. Please go ahead.

Vimal Goel: The question is relating the synergies that Tech Mahindra has gained after the merger with Mahindra Satyam and you have also mentioned in your fact sheet, one of your initiatives along with CA technology. Could you just throw light on what further initiatives the company is taking in order to gain better benefits or better synergies from this particular merger that we have gone through?

L. Ravichnadran As we have told you that Mahindra Satyam has a very large practice in SAP, Oracle and Business Intelligence, Analytics so that we have a large campaign of taking these practices into the telecom clients and that is really yielding results because that particular competency was not the strongest in Tech Mahindra and we are able to take these two practices and then go to our customers. And then similarly, that enterprise mobility which is a big practice we have in our CanvasM group and then the information security, these two competencies which are kind of big in Tech Mahindra we are taking to the enterprise customers. So that way we are able to get the synergies of those skills and competencies which are available in the both the companies and so kind of we have a program to ensure that I think customers can kind of get the benefit of these skills.

Moderator Thank you. The next question is from Pankaj Kapoor from standard Chartered Securities. Please go ahead.

Pankaj Kapoor: Just a few clarifications. These four deals that you had mentioned in your press release, is it possible to get some sense, are they anything noticeable in terms of size if you can share the TCV either collectively or at least of a couple of them you think are significant?

Manoj Bhat Pankaj, if your question was any of them a very large deal, it was not. I think there is one deal which was significant and it was approximately a 50 million TCV deal over three years.

Moderator Thank you. The next question is from Nawaz Sarfaraz from IDBI Mutual Fund. Please go ahead.

Nawaz Sarfaraz: I just wanted to understand, that with the number of IT projects that are coming from telecom players having gone down, but the number of IT players are eying for the framework remaining the same. Do you feel the risk of us not finally winning those deals have gone up as compared to what was the situation a couple of years back?

Manoj Bhat It is a function of capability and I guess reference site, if you look at how we have come to this position in managed services I think it was because the investment started about five or six years back in the Asia Pacific market. So, clearly, I think the number of people who make the shortlist which is a small number and I think within those two, three people I think there is a fair amount of competition in any case. That is why I was cautioning that these deals are binary and by no means it should be taken that all of these deals are wins and there is competitive intensity in the industry.

Nawaz Sarfaraz: But overall if I were to ask you, has the risk gone up in the current scenario compared to what was the situation…?

Manoj Bhat I would say it is the same.

Moderator Thank you. The next question is from Ankit Pande from SBI Cap Securities. Please go ahead.

Ankit Pande: My first question would be can you just quantify some of the numbers around the pipeline? Actually last quarter we shared some details around the region of TCVs and the number of deals that we win, or have they not moved at all I think that is what we suggested in the beginning of the call?

Manoj Bhat As I mentioned in the beginning of the call I think none of those deals have closed and what we expect is closures in this quarter.

Ankit Pande: And could you just share some statistics around the pyramid movement we have been realizing some gains on the operational cost? So, I was wondering if you can share some statistics around your pyramid QoQ and YoY movement as well?

Manoj Bhat I think zero to three years which is the metric we measure and that tailwind at around 35%, it was 35% last quarter also. Year-on-Year I just do not have the number handy, I can provide that to you.

Ankit Pande: One more, when we talk about BT I understand that the near-term impact rate worries you most is sort of an internal rationalization versus slowing down of retendering activity, which is sort of a longer-term thing but what sort of visibility do we have when we say that the internal rationalization may affect us is it more like two quarters, four quarters?

Manoj Bhat I will let Amitava expand but I think what we were saying is that our current view is one of stability with a little bit of a downward risk if some of these scenarios evolve. Clearly, as we mentioned on the last call also what we have been trying to do is combat this using, trying to find new growth areas in some other kind of customer facing spend for lack of a better word within BT.

Amitava Roy I think overall if you see between Q4 and Q1 there has been a stability in the overall revenue, Minus the one-time spends which were there in Q4 it has been fairly stable. The thing is what we are looking at is a new opportunities for go-to- market with BT and looking at the BT ecosystem to actually look at revenue generation possibilities. So, while there are potential challenges in terms of the internal rationalization of the IT estate there are opportunities in BPO and other areas where we think that we can actually grow. So, right now we see stability and we see that to be the case for the next few quarters.

Ankit Pande: So assuming that the internal rationalization has been on for some time, have we had successes and offsetting some of those impacts by winning something in say last two to three quarters?

Amitava Roy Yes, absolutely. In fact, in terms of the share of the wallet, while there might have been some tradeoffs that Manoj talked about in the last time and this time as well, we have actually improved the share of the wallet and we have gained traction in certain parts while the overall pie might have shifted a little bit.

Ankit Pande: What is the kind of visibility in the end that we have right now when we say the outlook is stable. Is it like two quarters, like four quarters?

Amitava Roy It is difficult to say. I think it all depends upon what the BTs internal operations would look like. So, I would not like to comment on that right now.

Moderator Thank you. The next question is from Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Just one question, if we see the trend in the headwind in the GBP it has been going down for the last couple of quarters. So, is it there some change in the way we are covering this or does it indicate the kind of trend this has to follow in the revenue in GBP?

Sonjoy Anand I think really there is no change in either our approach to hedging or anything else fundamentally in the business. I think we follow a layered hedging policy and in recent quarters we have tended to top up our dollar hedges more than the sterling hedges.

Rahul Jain: And if you can give any absolute terms, revenues from BT in GBP?

Sonjoy Anand 65.3 million GBP.

Moderator Thank you. As there are no further questions from the participants I now hand over the conference to Mr. Sonjoy Anand for closing comments.

Sonjoy Anand I would just like to thank everybody for having joined us this evening and if there are any further questions the Investor Relations team will be happy to respond to them.

Moderator Thank you very much gentlemen of the management. On behalf of Tech Mahindra that concludes this conference call.