

“Tech Mahindra Earnings Conference Call”

May 26, 2011



MODERATORS:

- MR. VINEET NAYYAR - VICE CHAIRMAN & CEO**
- MR. SONJOY ANAND – CHIEF FINANCIAL OFFICER**
- MR. SUJIT BAKSI – PRESIDENT, CORPORATE AFFAIRS**
- MR. L RAVICHANDRAN – CHIEF OPERATING OFFICER**
- MR. MANOJ BHAT – VICE PRESIDENT, CORPORATE PLANNING**



Moderator: Ladies and gentlemen good day and welcome to the Tech Mahindra Q4 and FY11 Earnings Conference Call. As a reminder, for the duration of this presentation, all participants' lines are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's opening remarks. Should you need assistance during the conference call, you may signal an operator by pressing '*' and then '0' on your touchtone telephone. I would now like to hand the conference over to Mr. Vineet Nayyar. Thank you. And over to you, sir.

Vineet Nayyar: Good morning, good evening, ladies and gentlemen, welcome to our Q4 and Full Year results. It has been an interesting year for us. With telecom market saw the worst of the recession in FY09 and early part of FY'10. Our customers responded to financial and growth imperatives in varying manner. Discretionary spend in IT went down to a trickle and new programs were deferred across the board. But these very factors started influencing a different kind of behavior. Our customers started looking at innovative means to benefit from the global delivery model. Areas of spend which was traditionally not considered as offshorable were reexamined. The existing service delivery engagements with most of the partners were examined, and in a lot of cases underwent restructuring. This realignment and reconfiguration of spend created an opportunity for us to offer value through a combination of best practices honed in our engagements in the emerging markets along with benefits of differentiated delivery model. Our recent wins in Australia and the Middle East are good examples of this.

The second sector which is encouraging is the return of albeit slowly of new initiatives in our customer base. Our expectation is that the slow revival is a precursor of resurgence and these changes are fundamentally driven by the changes in the marketplace. If you look at the marketplace increasing the consumerization of IT which has been enabled by the increasingly connective nature of our technology and ecosystem is driving organization to adopt their growth plans. We believe we are positioned to capitalize on the changing demand cycle and remain committed to be a part of this journey with our clients.

Coming after numbers, revenue for FY11 was 5,140 crores, a yearly growth of 11.1% and for Q4 FY11 revenues were at 1,262 crores, a sequential growth of 4.2%. If we exclude our top customer namely BT our revenues grew by 27% for the full year and 9% on a sequential quarterly basis.

Our EBITDA for the quarter was 259 crores and PAT excluding the share of associated company loss was 206 crores. If we were to include Satyam's loss due to a one-time exceptional expenditure pertaining to its settlement of the class action suit then obviously we have a loss of 92 crores.

On operational front, emerging markets continue to do well and we expect this trend to continue. We established our base in Africa during the quarter. We added close to 2,000 people in about seven countries in Africa. I would see this move as possibly one of the most significant move we have made because it has opened the continent of Africa for us and we are at this moment operating in just seven countries. There is a whole continent to go to. Our US business grew at 7.1% during the quarter led by growth in some of our marquee accounts. Our active



consumer count has gone up by 15 this year to a total of 128 active clients as of March 31, 2011.

Continuing on to our geographic diversification, we launched our BPO operations in Philippines through a large multimillion dollar engagement and inaugurated a state-of-the-art development center in Bonn, Germany. Of equal significance if not greater is the fact that we were in 2011 chosen for “AT&T Supplier Award For The Year” for helping AT&T deliver outstanding services to its customers during the past year. This is a very, very important award for us and interestingly, we are possibly the only vendor which has got this award for two years running.

We also enhanced our leadership team with appointment of Amitava Roy as our Chief Operating Officer, who will be responsible for BT.

Going ahead, we reckon the current year to be better than last year with gradual recovery and sheer of telecom sector challenges.

With this I open the floor for questions. I have the privilege of having the entire senior management team with us who will respond to various questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: Hi, just wanted to understand the BPO business slightly better. Just wanted to understand in terms of could provide some color in terms of the nature of work that is done in BPO and where would we see if it is more customer service at this point of time, how would you see that transitioning over a period of time towards more and more non-voice, non-customer and service outside work, just wanted an overview of that.

Sujit Baksi: For the international business, in North America and Europe, we only do non-voice, we do not do any voice-based at all. In Africa it is all voice based involves customer service and in Philippines its sales and tech support both, India domestic it is voice and non-voice. It is a blend of 70% voice and 30% non-voice.

Srivatsan Ramachandran: Okay. Over a period of time how do you see? Because BPO tend to have slightly more higher ramp-up costs and ramp-up sales, so if you were to take maybe FY12 as a whole, how do you see margins for this pieces of business progressing because near-term we might be weak on margins for over six months, nine months after its stabilized, how do you see margins for these businesses?

Sujit Baksi: So most of the ramp-up that we are seeing will actually turn into billing in this quarter and next quarter because Africa we rebatched people and Philippines we had 700 people added and in Airtel India, we have got a fairly significant order where we started ramping up. I think there would not be any decline in margin as far as we are concerned.



Srivatsan Ramachandran: Okay. And any outlook can you give in terms of on BT business at this point of time? Used to be GBP 72 million. Just wanted to know if there is any change to the stance for near-term point of view?

Sonjoy Anand: We have been saying that we will be in a band of GBP 70 to 72 million there been quarter and which we have been above and some quarters where we have been slightly below. This quarter our business was GBP 70 million and for the immediately coming quarter we do not see much difference there.

Srivatsan Ramachandran: Sure. And any outlook on the wage revision cycle that you will be looking at?

Sonjoy Anand: Salary hikes for us will be announced effective 1st of July but we are still to conclude on what those increases are going to be.

Srivatsan Ramachandran: Thank you.

Moderator: Thank you. The next question is from the line of Sandeep Shah from RBS. Please go ahead.

Sandeep Shah: Regarding the BPO business can you give us some more breakup in terms of number of employees added within Africa for the Bharti and MTN deal and the number of employees added in Philippines?

Sujit Bakshi: There is no MTN deal in BPO in Africa. On the Bharti deal, last quarter and this quarter as of today we have 2,000 people who have been rebatched locally and we have hired over 150 local people.

Sandeep Shah: So you said 2,000 been rebatched and plus 150 been added?

Sujit Bakshi: Right.

Sandeep Shah: Okay. And out of the incremental revenue in the BPO, can you give us the breakup coming out of Bharti deal?

Sujit Bakshi: We cannot give any details of revenue Client wise.

Sandeep Shah: When do you expect the full ramp-up within this deal?

Sujit Bakshi: By next quarter all the seven countries will go full live. Six countries have gone live this quarter, by next quarter we have all the seven countries going live.

Manoj Bhat: Sandeep, just to add to that, in Q4, the contribution from Airtel Africa deal was very, very low.

Sujit Bakshi: We just went one country live Ghana.

Sandeep Shah: Okay. So what has driven this, it is largely Philippines deal?



- Sujit Baksi:** Philippines deal is there, we have some incremental business in the North American business and we have some domestic business increase as well.
- Sandeep Shah:** Okay. And sir, why the tax rate has come down in this quarter?
- Sonjoy Anand:** Actually, the tax rate has not gone down but what has happened is that with the sunset on the 10-year scheme being final now, there are some expenses on which there is a timing difference between accounting and tax. In the past, we have not created deferred tax assets for them but this quarter because from now onwards a bigger part of our income will be taxable, we have created those deferred tax assets.
- Sandeep Shah:** This largely relates for this year or is it also related to....?
- Sonjoy Anand:** It includes for the past.
- Sandeep Shah:** Even beyond the years earlier than FY11?
- Sonjoy Anand:** That is correct.
- Sandeep Shah:** Can you quantify what are deferred tax assets for this year and earlier year?
- Sonjoy Anand:** If you give a call offline we will give you the details.
- Sandeep Shah:** Okay, thanks.
- Moderator:** Thank you. The next question is from the line of Pinku Pappan from Nomura Securities. Please go ahead.
- Pinku Pappan:** You talked about the return of new initiatives. Can you also talk about which geographies you are saying this rise in discretionary spending and do you expect it to come back in full force by the end of the year, is it going to be back-ended or can you give more light on that? Thanks.
- Manoj Bhat:** So, really if you look at how this year is seeing the demand cycle I must first say that discretionary spend is still very low. I think there are some trickles; I think we are seeing it across geographies though in the last quarter we probably saw more of it in the US. I think people are talking about things like if you know the whole network congestion issues, there is move towards technologies like 4G LT that is one area. There is another area where people are now looking to refocus .So I think we saw a couple of MVNOs being interested in launching in these markets place, that is another trend there and lastly I think the whole machine-to-machine communication initiative, we are seeing some of our customers showing interest in how to adapt their IT systems to better serve that so I think that is how I would categorize it. Geographically, I would say largely US, Europe not so much at this point, so I think the other aspect there is if you look at emerging markets there it is a different ball game, I think investments still continue and we are fairly hopeful that phase will continue through the next year.



- Pinku Pappan:** Just to press it with little bit further, when you really expect some kind of real surge in this demand, is it going to be like two quarters from now or three quarters do you guys sense when you talk to your clients?
- Manoj Bhat:** So the best guess we have is probably second half of this year and the reason I say guess is as I said there is a trickle of new spend coming through. The best estimate we have at this point is second half of this year.
- Pinku Pappan:** Okay. You talked about two significant wins this quarter. Could you just elaborate on those wins?
- Manoj Bhat:** I think the two wins which we talked about is one is, of course, we have signed a large contract with the large Australian Telco Vodafone Hutch. This is a multimillion dollar five year managed services deal where we will take end-to-end responsibility for their entire IT stack as well as all the operations around it. We are replacing four of the incumbent vendors and I think Vineet referred to it in his speech where we are seeing that as more and more of these contracts are coming up for renewal, we see that the trend towards offshore global delivery model is clearly emerging. In any such deal you will see Indian players coming more and more. I think that is one trend. The second deal is again in the Middle East, it is about managed services where we have taken over managed services for the Qatar operations of Vodafone, so those are the two deals again, it is a five-year deal which, where we will be end-to-end ownership. So this whole managed services area is opening itself up to players like us where, when the contracts are coming to an end and I think this is one area where we see the spends reconfiguration becoming very beneficial to players like us.
- Pinku Pappan:** Okay. My last question is on BT. We recently read reports that BT is planning certain new initiatives in UK. Do you still stick to your forecast of flat growth in near-term, with BT introducing signs of spending there?
- Sonjoy Anand:** As I said earlier on the call for the immediate short-term we feel that we will be within the same quarter and I am not clear what special initiatives you are talking about at the moment, I think pick up in discretionary spend in BT, our assessment is it will still take some time.
- Pinku Pappan:** Okay, thanks a lot.
- Moderator:** Thank you. The next question is from the line of Sandeep Muthangi from IIFL. Please go ahead.
- Sandeep Muthangi:** I am looking at the SG&A expenditure. It has grown sharply during the quarter. Can you give us some insight into what are the initiatives that you are taking and why this has increased so much?
- Sonjoy Anand:** SG&A during this quarter was high. We had slightly higher provisions for incentives and variable pay and that impacted it for the quarter.



- Sandeep Muthangi:** Okay. Even coming to the gross, your cost of services delivered, there was a very sharp increase in employee headcount. Despite that this did not increase by that much. What would the reasons be?
- Sonjoy Anand:** I think if you look at the increase in employee headcount there are two components which contribute significantly and none of these are expensive resources. There is a big chunk of increase in BPO and also we have batch of trainees who joined us, also, as I have always mentioned when you look at employee cost for us, you need to look at the total of the employee cost, travel and subcontractors.
- Sandeep Muthangi:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Apurva Oza from Standard Chartered. Please go ahead.
- Apurva Oza:** You just spoke about subcontractor cost could you just give me your subcontractor headcount for the quarter?
- Sonjoy Anand:** I think we can give you offline we can give the exact number, I do not have the subcontractor headcount.
- Apurva Oza:** Fine sir, and in terms of CapEx look out for next year, how would that pan out?
- Sonjoy Anand:** Typically, over a three year period, our CapEx tends to be in the range of \$70-100 million.
- Apurva Oza:** Right sir, thanks. And just to confirm the attrition number. Would that be around 25% for this quarter?
- Sonjoy Anand:** That is correct.
- Apurva Oza:** Okay, thanks.
- Moderator:** Thank you. The next question is from the line of Madhu Babu from Systematix Shares. Please go ahead
- Madhu Babu:** What is the hiring target in both IT and BPO division for FY12?
- Sonjoy Anand:** We do not give a full year guidance of what our recruitment numbers are going to be. What we have said is that for IT, off the campus we have given 3,500 offers.
- Madhu Babu:** Okay, and sir what would be the EBITDA margin trends for FY12?
- Sonjoy Anand:** As a policy we do not give guidance.
- Madhu Babu:** Then what is the effective tax rate guidance for FY`12?



- Sonjoy Anand:** I guess 23-24% is what is likely.
- Madhu Babu:** And would there be any hardware booking in FY12 like we had in Q3?
- Sonjoy Anand:** I think that depends on specific pieces of business where we are doing system integration work, I do not think it is a predictable trend, it depends on the nature of the business that we win, if there is a build and there is a spend relating to the build in a particular quarter there will be a pass through revenue otherwise there will not be, it tends to be lumpy and unpredictable.
- Madhu Babu:** And sir how should we model this SG&A? I mean this quarter it is at 200 crores, so from next quarter, I mean what is the typical SG&A run rate you are looking per quarter?
- Sonjoy Anand:** So we have said that we believe that the optimum rate of SG&A for us is 15%, there have been phases when we have been slightly higher and others when we have been slightly less, I do not think I am going to guide on a specific number for the next year.
- Madhu Babu:** Okay, sir, thanks.
- Moderator:** Thank you. The next question is from the line of Subhashini Gurumurthy from Ambit Capital. Please go ahead.
- Subhashini Gurumurthy:** Yeah, just wanted to understand what is the kind of revenue trajectory you foresee from the AT&T account especially now with the likelihood of the merger with T-Mobile is happening?
- Manoj Bhat:** I think first of all I think if you look at AT&T it continues to be a very strong strategic relationship for us. Internally, we have what we call six-pillar strategy where we look at different service lines, AT&T is one of those accounts where we have covered about four of those service lines already and we are looking to enter with another one or two service lines so just to give you an indication of the strength and depth of that relationship. Regarding the merger with T-Mobile, I think we were a small vendor both in T-Mobile and a very large vendor in AT&T and we will have to see as time plays out because obviously there is a longish process of merger approval and we will have to see, but we do believe that would benefit us, at this point we cannot quantify what would be the incremental business, but as we go along we will try and give some visibility.
- Subhashini Gurumurthy:** But at this point of time you have not seen any change to AT&T's IT budget post the merger acquisition, is it?
- Manoj Bhat:** No, we have not in fact, within AT&T the areas where we work in, I think we have seen only from our perspective offshoring and outsourcing increase, so I do not think we have seen any adverse impact, if that was your question.
- Subhashini Gurumurthy:** Sure, sure and my other question was relating to Etisalat, where does the account stands currently within the top five accounts?



- Sonjoy Anand:** I think if you remove the pass-through revenue it would not be amongst our top five accounts at the moment.
- Subhashini Gurumurthy:** Okay, but along with I mean if I include the pass-through revenues will it still be amongst the top five in this quarter?
- Sonjoy Anand:** No, not for the quarter, I talk about for the year, there was not pass-through revenue this quarter.
- Subhashini Gurumurthy:** On a LTM basis it should still be a top five accounts?
- Sonjoy Anand:** With the pass-through revenue definitely.
- Subhashini Gurumurthy:** Okay, sure, thanks, that is all from my side.
- Moderator:** Thank you. The next question is from the line of Ashish Agarwal from Tata Securities. Please go ahead.
- Ashish Agarwal:** The net rate during the quarter is it looks like it has increased, what is the reason for that? The last quarter if I look at it was around 829 crores this quarter is 956 crores?
- Sonjoy Anand:** Our borrowings last quarter were about \$300 million this quarter it is \$274 million I think what you are looking at is net of cash and cash equivalents probably, so what happens with cash and cash equivalents is that if there is a bunching of collections at the end of the month in a particular quarter that can move a little bit here and there so I think the number you should look at is the outstanding debt and that number has actually come down, look at it independent of the cash and cash equivalents because that tends to be a business operating number and it can move from quarter end to quarter end.
- Ashish Agarwal:** Okay, thanks.
- Moderator:** Thank you. The next question is from the line of Mohit Jain from Alchemy. Please go ahead.
- Mohit Jain:** I just had a bookkeeping query. If you look at balance sheet in this quarter the deferred revenues have gone down by 180 crores on YoY basis, the booking of BT payments would have been 200 crores, so is there any incremental additions to the deferred revenue?
- Sonjoy Anand:** That is largely the BT number and the movement should be from that, I think we will get somebody to look at specifically the query you are asking and if you get in touch offline we will give you a response.
- Mohit Jain:** Sure, thank.,
- Moderator:** Thank you the next question is a follow up from the line of Srivatsan Ramachandran from Spark Capital. Please go ahead.



Srivatsan Ramachandran: Yes, I just wanted to understand the high other income, is there any some FMP kind of gains that led to a change in other income?

Sonjoy Anand: No, those gains are basically on the ForEx side from our hedge portfolio.

Srivatsan Ramachandran: Okay, and could you just split how much would that be and how much would be the interest income, the interest or dividend income?

Sonjoy Anand: For the quarter our exchange gain/loss was 4.1 and the rest was a mix of interest income and other income.

Srivatsan Ramachandran: It is 4.1 crores?

Sonjoy Anand: \$4.1 million.

Srivatsan Ramachandran: Okay, fine and then the other thing is in terms of the overall margins trajectory freshers one obvious leverage we have, just wanted to understand what other leverages if you could have to kind of maintain margins and improve margins from hereon?

Sonjoy Anand: I think the primary headwind is going to come from the supply side challenges in terms of operating efficiency leverages that we have zero to three years is an important leverage, there could be some further headroom on utilization, and there are always productivity gains to be driven on some of the fixed price project or the outcome based pricing projects.

Srivatsan Ramachandran: Okay, and just one last question on what is the current hedge book and what kind of rates we have on the same?

Sonjoy Anand: At the moment we have about £280 million-to-USD at something like 1.7 and \$840 million-to-INR at about 49.

Srivatsan Ramachandran: Okay sure, thanks a lot.

Moderator: Thank you. The next question is a follow-up from the line of Pinku Pappan from Nomura Securities. Please go ahead.

Pinku Pappan: Just wanted to understand your ForEx gain of \$4.1 million in the quarter. When I look at it the GBP has actually appreciated against the USD. I am just kind of wondering how you book that gain?

Sonjoy Anand: So as I said the gains are not from mark-to-market of our assets, these are gains which after compensating for any movement in mark-to-market of assets, the gains from our hedge portfolio have been reflected here. Just to give you an example, the £280 million that we have got hedged, if you look at Pound to Rupee, the effective rates for that today in our books is Rs. 82 so to the extent that in a future period those hedges relate to that period, there would be gains that will flow through into the P&L.



Pinku Pappan: Okay, yeah, that clarifies it. Thanks a lot.

Sonjoy Anand: Okay.

Moderator: Thank you. The next question is from the line of Sandeep Shah from RBS. Please go ahead.

Sandeep Shah: Vineet has just commented that FY12 would be better than FY11. So are we talking a better growth rate on a base including the pass-through revenue of FY11?

Manoj Bhat: I think the way to interpret that, Sandeep is I think we are saying that the demand environment I think we have gone through the worst and that the demand environment looks better on an overall perspective. I do not think it was a comment on whether we would achieve a higher growth rate or not.

Sandeep Shah: Okay, thank you and just on the hedge position can you once again like it is \$480 million at 1.7 and \$840 at 49?

Sonjoy Anand: \$280 million.

Sandeep Shah: Okay, thanks.

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

Rahul Jain: Yeah, my question is pertaining to the partnership with the telecom equipment manufacturer. Can you share more insight in terms of what exactly we are doing for this particular account?

Manoj Bhat: Rahul, you are referring to the press release?

Rahul Jain: Yeah.

Manoj Bhat: Which one is this can you refer me?

Rahul Jain: This is the VAS subsidiary, CanvasM...?

Manoj Bhat: Okay, so what we have done is we have partnered with this equipment manufacturer and they have launched a device which one of our service provider customers is adopting, so together with the equipment manufacturer we are helping them test and deploy in the service provider, that is the kind of partnership that is, I hope that clarifies.

Rahul Jain: So both are clients, but this is pertaining to the equipment manufacturer and we are helping them in putting some...?

Manoj Bhat: Let me give you an example. If suppose there is a handset to be introduced, I am taking this as an example, does not exactly in this deal and that handset before it gets launched on a service provider network has to be tested so that it is compatible and that it does not cause disruptions.



One of our core offerings is this kind of device testing which is a niche kind of area and we regularly partner with a lot of equipment vendors, in this quarter we have partnered with one of these in the 2G, 3G LTE device space.

Rahul Jain: So here are we doing the testing of the embedded VAS applications?

Manoj Bhat: I think we are not doing embedded VAS applications, there is a whole series of tests about network integration and so on and so forth...

L. Ravichandran: In fact we want to add that we are kind of one of the basically approved labs for AT&T and we are kind starting from network and the whole customer experience and then certify the mobile devices so we do suite of testing there right from ensuring that the mobile device is kind of working well and customer experience is there within the network, so we have invested in device testing labs, with kind of products and simulators and we are a certified kind of a test company for many telcos.

Rahul Jain: Okay, and just though it may look repetitive, on BT, what is the broad chance at least on year-on-year perspective, not maybe a quarter because we were looking flat and it has been a couple of percentage here and there, so on year-on-year what is the outlook look like?

Manoj Bhat: I think Rahul, we have maintained this on near-term visibility that we are flat, we continue to be one of the largest partners to BT, we work in various areas, and if you have seen over the last two years, we have successfully increased our market share, I would like to believe in this account, and our footprint is quite wide, unfortunately I would not be able to give you a number or a sense on how much growth or no growth and so on and so forth, but suffice it to say that it is a very important customer, it is a very important partnership and a relationship has stretched on for about 20 years now and still going strong.

Rahul Jain: So flat is in terms of volume or value because I think there would be some COLA adjustment also?

Sonjoy Anand: I think specifically on the contract we cannot talk about and in fact this is an area where we made an exception because of the uncertainty around the account we normally do not even give near-term guidance.

Rahul Jain: Okay, thanks.

Moderator: Thank you. The next question is a follow up from the line of Madhu Babu from Systematic. Please go ahead.

Madhu Babu: Yes sir. Sir, the African deal with Bharti, which is the currencies in which we realize that revenues, because we are talking about seven African nations and have you hedged any currency risk?



- Sonjoy Anand:** It will be in the currencies of all those seven countries and the volume of that exposure at the moment is such that we have not felt the need to hedge it, of course, in any case, the currency market for some of those currencies may not have the depth for hedging.
- Manoj Bhat:** And you must remember that there are local expenses in local currencies which we are incurring because these are near-shore servicing.
- Madhu Babu:** Okay, sir, thanks.
- Moderator:** Thank you. The next question is from the line of Soumitra Chatterjee from Execution Noble. Please go ahead.
- Soumitra Chatterjee:** Just one simple question, was there any revenues from Etisalat in this quarter?
- Sonjoy Anand:** Yes, we have regular ongoing business with them.
- Soumitra Chatterjee:** Okay, so if I just do simple calculations, what I am getting is the growth from the fourth and fifth client is just about the growth at which your revenues have grown in this quarter and growth from sixth to tenth client is just about flat. So if I have to take Mr. Nayyar's statement that the next year looks better and if I say that this year's 11% growth next year will be probably be more than that, what kind of strategies we are putting in place so that from client number four to client number ten grows at least faster than what your overall revenues are growing?
- Sonjoy Anand:** I do not think Mr. Nayyar indicated that growth rates will be more or less, he was making a comment on the overall outlook and the fact that the general perception is more positive. And in terms of what our strategies for growth are, as you know, we have a six pillar strategy where we want to grow our business beyond application into areas like BPO, infrastructure management services, value-added services, security services, and network services. The ones which we have focused on in the last couple of years like BPO and infrastructure management services has seen very strong growth and there is still a lot of potential there, we similarly feel in the other areas also there is a lot of potential and this is the focus of our strategy, apart from which we are always evaluating inorganic growth opportunities and as and when there is something which is a strategic fit for us we will look at it.
- Soumitra Chatterjee:** Okay, and I was just wondering you have a minimum revenue guarantee clause with Etisalat and if I look at the TRAI data, Etisalat made revenues of \$0.5 million last quarter. So just to give a sense, is your minimum guarantee revenue from Etisalat this quarter is more than that or less than that?
- Manoj Bhat:** Soumitra, we will not be discussing customer specifics, of any customers on the call.
- Soumitra Chatterjee:** And in terms of the IMS revenue, could you just give us some sense what is the total number of headcount in IMS, and what kind of revenues you get from IMS?



- Manoj Bhat:** IMS would be about 6.5 to 7% of revenue give or take and on the headcount 2,500 approximately.
- Soumitra Chatterjee:** And just if I missed earlier what would be the tax rate for the next year?
- Sonjoy Anand:** 23-24%.
- Soumitra Chatterjee:** 23 to 24% okay, thanks a lot,
- Moderator** Thank you. As we have no further questions I would like to hand the floor back to Mr. Sonjoy Anand for closing comments. Please go ahead.
- Sonjoy Anand:** Well, I like to thank all of you for joining us for the call and look forward to speaking to you again next quarter. Thank you.
- Moderator:** Thank you gentlemen of the management. Ladies and gentleman on behalf of Tech Mahindra that concludes this conference call. Thank you for joining us and you may now disconnect your lines.