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MANAGEMENT

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Moderator Ladies and gentlemen, good day and welcome to the HCL Technologies Earnings Conference Call. As a reminder, all participant 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. Anant Gupta. Thank you. And over to you sir.

Anant Gupta Thank you. Good morning, good afternoon, good evening and welcome to our 2nd Quarter Earnings Presentation. So I am joined in this call by Anil, Steve, Prithvi and Rahul Singh.

A quick snapshot on 2012 – 2012 has been an exceptional year for HCL. While the entire industry saw a very difficult year HCL fired on all cylinders. If you look at our revenue growth we had a revenue growth of 13%; EBIT growth of 40%; a net income growth of 41%; and a return on equity of 31%. So, all in all a good calendar year for us.

Looking at the quarter in perspective, quarter grew by 3.6% sequentially. It has been our fifth quarter, our highest growth rate from the revenue perspective in five quarters, our EBIT margins have expanded from 15.8 in OND '11 to 19.8 in OND '12 and actually 40 bps expansions over the previous quarter.

If you look at the growth it is kind of been fueled I would say on a broad basis throughout the calendar year across service lines and across verticals, but specifically which are leading the growth in the second quarter has been the infrastructure services, clocking in a growth of 10.9% on back of a 10.4% sequential growth in the previous quarter.

If you look at our Enterprise Applications Services, Engineering Services which are significantly dominated by discretionary spend services, pretty much in line with the industry growth, much like Custom Application as well.

BPO on the other hand has been doing very well for us and I am sure Rahul will talk more about it; it has actually been a true turnaround story for us, a 1.7% growth in this quarter on the back of 6.1% growth in the previous quarter.

From a vertical standpoint, Financial Services has led the growth for us in this quarter, 11.3% growth. This is on top of a 4% growth in the previous quarter. Followed by Healthcare which is 3.1% on top of a very strong previous quarter of 14% overall on a YOY basis north of 53.9% on a calendar year basis. The only sector where we see certain additional, in fact any additional momentum coming is really the public services space, largely fueled by the utilities, spending and some of the initial indications around reforms, budgets going into that space. So that is the sector which we have invested earlier and we are seeing some traction coming back.

Media, Publishing, and Entertainment had a phenomenal growth in the previous quarter even on a year-on-year perspective 23.7, largely driven by significant change in the Publishing and Entertainment industry. Telecom continues to be a subdued sector. We do not see any

significant trigger in there to drive growth over there. So we are kind of continuing to watch triggers in there which would drive ARPU and which will ultimately drive revenue for us.

From a geo standpoint, fairly well-balanced across both geos; America and Europe, largely led by growth in Europe at 6%, America is following through at 3.4%. Europe especially on top of a very strong quarter previously and likewise for America. So nothing much in there, but both markets continue to drive significant movement of business in the pending engagements which are moving now into steady state overall.

The next slide actually is a very interesting slide and this is what we have been kind of positioning ourselves in the market which is really looking at the rebid market like we have been talking about which is really customers who are second generation outsourcers and also possibly looking at the Gen Plus model which is kind of coming in at bits and pieces where fundamental levers would kind of pretty much are shifting. So if you look at the outsourcing model itself more driven by business, more strategic and where the impact could actually be done at the business function level itself. The commercial models more targeted around outcome-based instead of the managed services and T&M in the previous model. Business cost which is the prime driver besides just the IT Services cost is the bigger impact which customers are looking at and this is where we at HCL have kind of positioned our play into this as an early position and we are calling it really Alternative IT. Now obviously, Alternative IT and Alternative sourcing in dimension in different service lines as we see it. So for example, in the application support and maintenance, we are really talking about all day, all in respect to the Infrastructure Services the whole theme is around from no to now, which is really pushing the market a step forward. So the way to look at it is our service portfolio in two buckets. One around traditional IT Services which we call the exploit bucket and then the second bucket which is non-traditional IT Services in the explore category where there is interest levels, there are initial pilot and there are initial engagements where we see this but we firmly believe that there would be a significant positive trend in this and therefore there will be an alignment of non-traditional IT Services getting bundled in some form of the traditional IT Services. So if you look at the traditional IT Services we took a cut at the different service lines. So if you look at what we call as the penetrated services, which is largely Enterprise Application Services, ASM and ADM and really in this market the model really has leveraged pretty much most of the levers, whether there is onshore-offshore, pyramid or utilization. And our positioning around this market and where we started seeing early wins including in the last quarter is what we are calling as proactive obsolescence. So our aim is kind of positioning and saying, why do you really need to do a certain amount of work load and why not actually eliminate the work load. In a way it is kind of slightly cannibalizing the quantum of work that would normally come to a service provider. But I guess in the next era of outsourcing especially when we are looking at as the service models, it kind of becomes a lot more imperative at looking at why does one really need to do? For example, let us say, incidence. Why does one have incidents or service request and therefore why not eliminate that at the initial step, Alternatively, if you look at lean IT as a model within ASM itself or is in an ADM, why does one need to do 16 step SBLC process and why not cut away with doing let us say a full step step process especially when programs are not really Greenfield development in that

space. Our positioning is really going forward is really around proactive obsolescence and kind of reducing the quantum of work, therefore driving a new lever in the industry.

If you look at some of the underpenetrated services from our standpoint, IMS we believe is still underpenetrated, the market is huge, likewise the BPO space and the Engineering space. So obviously, our strategy in these three areas are fairly different. In IMS we have led with thought leadership around the sourcing model. The whole strategy of impacting the non-labor component of an end-to-end IT infrastructure budget and really positioning ourselves around agility and flexibility and of course which is underpinned with very sharp focus on execution and transition of services. So it is a fairly large market and a very large market which is also within the so-called renewal market as we say. So if you look at the next three years, close to about $1.60 billion worth of market which is coming up for renewals. A lot of them are still in the Gen One sourcing model and we believe that they would definitely move to Gen Two and/or in some cases would even accelerate to the Gen plus sourcing model. So given that I think there is a very sharp focus on kind of continuing our momentum on the rebid market, the renewal market. Win base continues to be in the region of 50%, we participate in a very selective market, where we believe we can add significant value and our strategy would be to continue doing that and we are more aggressive around that space, given that we do have a full global service delivery model which has now been built over the last three years and therefore the learnings of transitioning those services and delivering the services over those last three years have fairly matured and we are kind of ready for the uptick which we see going forward.

BPO on the other hand is more linked to what we believe is our strategy around blending our expertise around Enterprise Application Services which is around business benefits realization. Our capability is around Enterprise Transformation Services such as business intelligence and analytics which we fundamentally believe. We see early signs of deals coming. A couple of the engagements which we won earlier in the previous calendar year were largely led from that and we believe that is the way the market could go, kind of moving into a utility focused at benefits realization. And then of course there is the whole space of Social Mobility and Analytics which we have bundled and it cuts across multiple verticals as customer experienced. It is a marketplace where there is a lot of conversation and customers are talking about proof of concepts, trying to see the hypothesis and see whether there is the return on the investment which is being proposed. We are yet to see how some of these will actually translate into larger transformational programs subsequently.

In a nutshell, exploit plus explore and that is how we are taking the entire positioning around the Alternate Sourcing Model which is there and recently we actually conducted an "Analyst and Advisory Day" in both North America and Europe where we had about 40 plus analysts and advisory firms being represented by 100 analysts. We also had 25 of our customers represent us in each of those different areas plus of course the various service lines which we have talked historically; propositions that we are strong in and we introduced it to the sourcing advisory market in terms of our strategy with respect to Gen Plus and some of our Alternative Sourcing model which was very well received by the market.

With that I will cover a slide on Infrastructure Management services. The revenues for the quarter was strong; up 10.9% at 328 million, 37.2% growth on YoY basis; the EBIT grew to 60.3, which is up 13.8 and 58.2% on a yearly basis. From a demand perspective we continue to see a multi-sourced ecosystem evolving, especially with the model I just talked about which is as a service or including the Social Mobility, Analytics and Cloud space. So we continue to see initial conversations there. We see elements of statement or words which kind of include them as part of a larger overall outsourcing program which is really driving the traditional IT outsourcing in the Infrastructure space.

Greater scheme in the game continues to be an important element especially given the fact that time to transition from incumbent service providers is only reducing. So the stakes are becoming higher. The entry barriers for participants is obviously a lot more difficult given that you are moving from an incumbent service provider to new service provider and the luxury of cut off dates which is much reduced as compared to full time outsourcer where the services are still in-house.

From a growth perspective, two very large engagements in the Fortune 50 space. Just two specific ones I wanted to call out. So we are seeing good traction continuing to happen in the F500/G2000 space with companies **13:21** even further going up in terms of size and complexity. Europe continues to be a large driver for the deals. US continues to be good but we see a lot more market demand coming in from Continental Europe, especially given there is a significant underpenetrated market over there from our perspective. 80% of our new deals coming from Fortune 500. And two key things to know about, I think is our firm positioning and unique positioning around data center services, both as an outsourcing or an utility model where we have also now been recognized in the Asia Pacific after North America, we are at base from the IOPs table getting in this market.

With that I will hand over the call to Steve.

Steve Cardell

Thanks, Anant. So I would just like to comment on Public Services first and then I will talk about Enterprise Application. So this is a sector we have been investing in and this quarter we saw some good momentum with 5.1% QoQ growth and really driven by two trends that we are seeing in that vertical. So firstly, in public sector itself, we have seen in Europe the recession is returning to those markets. That is opening up conversations for us for first time outsourcers who are looking for cost savings, the private sector has been doing for the last ten years and so we have seen some good momentum there. And then particularly in the North American market the utilities business continues to grow well, partly due to federal money that is going into smart grid initiatives thus driving a refreshing of the application landscape. So we see some good momentum for us in those markets.

Coming to Enterprise Application Services, so we saw a flat quarter this quarter as there continues to be limited discretionary spending going on in the market. In addition, one of the areas that we have been focusing on for the last three quarters since the complete integration of the AXON acquisition, we talked three quarters ago about the focus on margin expansion. One

key tenant of that has been shifting some of our traditional geo-based work to offshore. Consequent to that as we see the revenues for those are lighter but the profitability is greater. And so that margin expansion is being coming in over the last couple of quarters. Traditional Greenfield projects have been become rare and rare and what we are seeing is really three growth trends in the market. So first is for the existing ecosystem. Many of whom have been on Enterprise platforms now 10 to 15 years we see quite a number of consolidation projects going on particularly multi-country consolidation and we have picked up a number of those projects over the last two quarters. The second things we see companies expanding their back office ERP landscape into operational areas into mid or front office. And then thirdly, the emerging technologies so particularly Mobility, In-Memory Computing and Analytics are the three that we are starting to see turn to pipeline for us and 2013 will be the year when we see those materialize into more discrete revenue streams.

In terms of some of the recognition, so we picked up an "SAP Quality Award" this quarter that is the fifth year in a row that we have been a participant of the quality award which is a reflection of custom success in terms of implementation. Our IMRO products moved on to the approval of its Fifth Version release and also picked up two new clients this quarter, taking our IMRO customer base to 16. And the product was also highlighted in the who's who for IMRO both of the standalone discrete solution but also was part of an integrated solution.

At the end of the quarter we signed a strategic partnership with SAP for the managed Mobility and SAP has moved significant in this market, two years ago they were not in the Mobility space and as a result of the acquisition of Sybase and Syclo they are now the global market leader by revenue in Mobility. So that partnership allows us to go-to-market and to resell all of the Mobility products that SAP has in its table.

We also were prime sponsors at SAPPHIRE in November where we launched our "Rapid Delivery Solutions" for VAV being a solution that allows you to look geographically assets within the SAP system.

With that I will pass on to Rahul.

Rahul Singh

Thanks, Steve. I will quickly run you through the Financial Services and then I will talk a little bit about the BPO. The first one, Financial Services, we clocked revenues of $298 million in the last quarter OND '12. This was a good 11% growth on QoQ basis and 15% on YoY basis. So, our revenues were higher this quarter primarily on account of as we have been speaking and mentioning in the previous analyst call that we had a good deal booking pipeline which we have converted in the first two quarters of the calendar year. So those deals which we had booked went into production and the ramps happened , which resulted in our revenue for this quarter been high.

Important to note among those deals were seven new accounts. So, at least a couple of accounts of large size which we were added, which have gained momentum to the revenue for this particular quarter. Also, another feature of revenues this quarter is the growing service line

contribution. We have been focusing a lot in terms of increasing the cross sell into our accounts of multiple service lines within HCL and we have seen pick up in horizontals coming from Financial Services, resulting in a momentum in our this quarter's results.

Financial Services continues to see a good pipeline as we look at the future years. What is driving the demand environment? If you look at the Financial Services as a whole, our clients continue to be completely stressed in terms of their budgets. The fact of the matter is that we are running tight shops and there are a lot of clients which are looking at ways in which you can reduce costs. And therefore what we have done is we have realigned our services and are looking at service lines which enable our cost to kind of overcome some of their own cost challenges. So our products which are more in the run the business space in the BPO space, in the Infra space, in the ASM space are the ones in which we are leading our accounts with and we are using the capital which is released from a client's accounts to help them focus on areas which need investment, so our clients we see want to invest and continue to invest in areas such as customer experience, in the Financial Services sector where the market share gain at this point of time between customers, our clients are investing in terms of the improved customer relationship management, improved multi-channel, etc. and we are finding discretionary spending happening in those areas which we are trying to refocus our service lines into. We are also seeing clients having a need for the regulatory change and expenses where we are positioning our services.

If you look at the growth drivers for this quarter and for HCL going forward, I think number one is that we are focusing on delivery excellence. A lot of our clients have consolidation exercises going on from vendor perspective. So one of the primary things that we are also looking at is from our existing customer base to make sure that the vendor consolidation when it happens we win those deals and we did close a couple of vendor consolidation deals within the existing client base this quarter. We are also looking at good geography mix. So if you look at the Financial Services business in HCL, we have a reasonably good mix across geographies which is within Europe, US, and rest of the world. So while we have growth happening in Europe, we are also having growth in ROW and the US and therefore to some extent it helps us to derisk an RTB and CTB participation because you find that most of our European customers are more focused on improving cost on RTB basis, at the same time we find opportunity for change the business, the projects coming in from the ROW and the US which is where we are focusing on.

In terms of deals, transformational led deals, we are trying to bundle as I mentioned earlier, multiple service lines into our account and we are on the way to develop what you call as a fully loaded service lines which include multi-services deploy to the customer where we can get more share of the business as it emerges.

On an overall basis, we also try to bundle in more outcome-based more managed services to our customers, which enables us to kind of move them towards the next level of requirements and move away from cost based and labor arbitrage-based model. We continue to get good

traction in terms of recognition and we are rated amongst the star performers in an **every** survey as a major contender.

A quick look at the BPO – The next slide, BPO clocked revenue of $51 million this quarter. We have been focusing in BPO on two levers. One is to obviously improve the cost base and kind of move the business into profitable trajectory. So as we had spoken several quarters back we were looking at an EBIT neutral full year, calendar year 2012, we have achieved that and we have been able to have a full calendar year 2012 of positive EBIT, in fact we closed OND '12 EBIT 2.9 million, which is about 5.5% in terms of percentage. But if you look at EBITDA, we closed EBITDA at double-digit 12% in this particular quarter.

On the top-line we had a 1.7% growth QoQ basis and 9.7% YoY. And if I look at last quarter we had actually closed the quarter at 5% plus growth in top-line. So we are seeing in BPO both good focus on cost management and delivering the non-performing accounts and assets. At the same time, the top-line is beginning to grow as we are focusing the business on to what we have been calling as a next solution of BPO strategy.

We did close a number of deals in the last five quarters. And the good part to note here is that 75% of the new deals that we clocked in the last five quarters were in areas which are our new focus areas for growth. The demand environment for BPO continues to grow. I think the commentary is the same. Clients are looking at ways to cut cost. However, the most important thing is that our bundle propositions for business processes is what is clicking. We believe that the clients have moved out from labor arbitrage model and are looking more from a domain perspective, so they would like to deal with BPOs who are rich in a particular domain, more industry specific who are able to do an onsite/offshore model in a certain quality manner. We are also seeing clients looking at extended support from the business risk perspective. So they want to deal with vendors who can derisk some of the ways in which outsourcing is done and of course there is a continuous focus on platform services and pay-per-use solution. So HCL's response to that has been as I mentioned earlier what we called as the "Next Generation BPO" which focuses on few select domains. So we picked up a few domains to focus our growth around and we are providing this growth through a combination of scalability, so we offer customer scale, flexibility, innovation, and infuse the concept of an integrated global delivery model where what we do is that we look at clients who have global needs in terms of BPO, but we enable them to be provided for multiple sites using an integrated framework so which gives them the same experience irrespective of which site they choose to do business with us. We also look at ways in which we can use technology to increase the productivity of the labor force and we work towards the reengineering and manage risk from a customer's perspective.

On an overall basis, we have also instituted concept called "Enterprise Business Services" which looks at utilizing transformational levers to get BPO in the Enterprise Business Services area. We have models which can create shared centers for them. Lots of our clients coming to us, asking for help to create shared centers. We have created a couple of them, global in nature and moving really the business to what we believe is next generation from a client's perspective.

We have moved, as we had mentioned earlier, our business from voice to non-voice. So we are happy to note here that our non-voice business now is at 65% of our total turnover and approximately 50% of our total turnover today comes from our new focus areas versus where it was two years back. This has been now recognized quite well by the analysts on the BPO segment. So we have been rated as major contender in the capital markets area, major contender in insurance area, major contender in payroll, HR processing and emerging player in banking, BPO and very high on insurance BPO as well all this in the last quarter. So we are seeing that the BPO analysts have started taking a positive view of the turnaround story at HCL BPO and we hope to continue this momentum going forward.

Like to hand it over to Anil for the financials.

Anil Chanana

Thanks, Rahul. On Slide #16, you see the snapshot of the company's performance. 1154 million, 13% YoY this quarter, net income up 59%. As Anant explained the growth, so this in the last five quarters this has been the highest growth. We started in OND '11 if I take starting from there it was 2%, moved to 2.5% to 3% to 3.2% and 3.6%. There is a healthy volume growth as well this quarter. Last quarter was 4.5% and this quarter is 3%. Similarly, the net income margin also has expanded. So it used to be 10.7% in F11, so has moved to 15.4% now. So the significant increase there which has taken place.

Just to touch upon some of the line items here. The SG&A probably continue to sort of optimize on the G&A and spend in the S&M. But overall you see increase there from 145 million to 153 million. Also, the FOREX and other income which was a (-5 million) last quarter is now (+3). More the hedge loss which was there last quarter is now vanished.

The other thing you see is the EPS. So one year back we had earnings per share annualized of Rs. 32. Today, it is Rs. 54 in rupee terms. The expansion has taken place at all levels, at gross margin, EBITDA, EBIT and net income margin.

Moving over to the next slide #17 – this sort of takes us through the revenue and margin journey. So if you look at the revenue there is a 3% volume income and there is an increase in realization in the software side particularly the offshore where it has gone up by 150 basis points on reported basis which has added a point marginally here and then the exchange rate movement was there which gave 0.6%. So, the volume was 3%.

Moving over to the margin – I will talk about both the EBIT as well as net margins. So in EBIT margins, we move from 19.4 to 19.8. You remember we said we had two different cycles for different category of employees. So one category was given increment effective July and the second category has been given increments effective October. That impacted the margin this quarter by 91 basis points. However, it could be recouped significantly by a) savings in the G&A spend by 33 basis points, secondly by utilization which has gone up by 150 basis points, I am talking about more of the blended one. And the efficiency in terms of the onsite particularly the BP side. What is happening is there is a substitution of costly resources with

less cost resources, so there is a rationalization which is taking place, particularly on the discretionary side.

If you look at the net income margin side, the other income and the tax charge, say the percentage of revenues have impacted it. So the EBIT margin which has gone up by 40 basis points, at the net margin level it is 90 basis points benefit which has come.

Moving to the next slide – Slide #18, just focusing on the table below, the net funds position is 330 million as of end of December.

Moving on to the next slide – if you look at the cash conversion the cash conversion historically for us, operating cash flow to net income has been 100% plus. So even in CY12 it has stayed above, it is like 110%. And if you look at free cash flow to net income it has been 83% in this calendar year. Both are higher than they were a year before. If you look at more from a quarter angle, the ratios are significantly better.

Moving on in terms of working capital management – we continue to manage our working capital and rotate it much better. So our DSO fell down this quarter from 83 to 77 days. If you look at the net current assets as a percentage of revenue that ratio is not here, this quarter has been 14.3% it is one of the best in the industry. And in terms of return on equity if you look at OND this quarter has been 35% annualized. For the full CY12 it was 31%.

Moving on, we continue with our hedge policy. So we have a hedge book of 1.6 billion consisting of balance sheet hedges of 244 million and cash flow hedges of 1.4 billion. The hedges, which are less than one year the average rate is Rs. 54.27 and for more than one year it is Rs. 59.28. So, if we use the mark-to-market rate which includes the element of premium we will have a negative OCI of close to 40 million. However, if we just take the held-to-maturity basis then we will have a positive number of equivalent amount.

There is mixed income from forward, it is highly tilted towards forward, less of options, there is a range also indicated which is 54.69 to 58.28 so far as the range options are concerned. And then, significance of the hedge book is in terms of USD/INR.

Moving on the tax provision – the tax provision this quarter continued at 23.4%, slightly shade lower than last quarter. We had guided for the full year tax rate between 23 to 25 both for FY13 and FY14. Basis the current estimate is likely to be lower. So it could be hovering around 22 to 23% for FY13 and 21 to 22% for FY14.

Moving on to Slide #23 – the employee stock options there is not any change. Nothing significant so it is 2.64% of the capital of the company and per quarter charge is about 3.8 million which is coming there.

With this I will hand over to the operator for questions and answers.

Moderator Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from Mitali Ghosh of Bank of America. Please go ahead.

Mitali Ghosh My question is really on margins. This is the third quarter in a row that margins have surprised on the upside and presumably I mean like you discussed a lot from efficiency improvements as well as moving offshore, not really from a surprise due to short cycle projects and mix or rupee. So my question is really on visibility. Over the next few quarters and next year what levers do you see operationally which can give us some sense on what we should expect on margins, whether it be on utilization, employee pyramid or offshoring?

Anant Gupta From utilization standpoint, Mitali, is we are largely in an ideal range. In fact, in onsite we are slightly aggressive. Part of that is due to some amounts of discretionary spending in the previous quarter and the use of third-party consultants. But I think from a more longer-term perspective, I think we continue to look at not from a quarter-on-quarter perspective but fundamentally look at industrialization of our operating model and some of that really has to go beyond traditional levers of utilization, the pyramid and onshore/offshore mix and this is in general and it will be different for different service lines but overall for let us say Custom Application Services it will be actually focusing on really trying to use principles of lane and trying to eliminate workload or work itself. So it is all about duplicated effort between us and the customer or in the process which is there which will really drive the competitiveness of the operating model which we believe is the real way going forward as we speak. Obviously, in the case of Enterprise Application Services it will be driven more by the offshore to offshore, in the case of Infrastructure Services it will continue to be driven by initial onboarding in country of large complex engagements and then a steady movement of folks into the steady state operating model.

Mitali Ghosh Anant, on a constant currency basis is it fair to assume that one should expect margins to trend upwards from here as well on an annual kind of basis?

Anil Chanana Mitali, I think we have moved the margins significantly over a period of time. So as Anant said that, I mean, we will continue to follow industrialized delivery models and follow lean, etc., but at the same time we have to onboard new businesses, make investments in our business so on and so forth. Looking at our performance we will get now more comfortable with like range between 18 to 19% at the EBIT level, say exchange rate of Rs. 55 to a dollar. So that could be taken as somewhat of a guidance.

Mitali Ghosh Second question is really on the revenue outlook where this year has been again a phenomenal year for Infrastructure, I think you have grown like 30-odd but going forward in 2013 would you expect Infra to continue to outperform? And secondly, what is the pipeline or thoughts with regard to the discretionary part of the spend?

Anant Gupta At an overall basis at company level if we first look at the funnel that we have as we stand today it is higher than the funnel that we had in the same quarter last year. So this includes both discretionary and non-discretionary elements and it cuts across our service lines. Now,

obviously, there are multiple elements around what we continue to see as momentum markets which is really the rebid renewal market continues to be very strong, whether it is in the US or in Europe and specific countries across Asia as well. So that continues to be a market which is there, which has a finite time for taking a decision. We believe that we are well-poised to participate and continue to win a good market share there. So from a planning and preparedness perspective whether it is customer acquisition, sales, marketing or delivery management, we obviously are planning for being able to kind of take a good share of that market from a planning perspective that is what it is now. The renewal market is not just restricted to the Infrastructure space. A large portion of that is Infrastructure and we continue to believe that there will be incremental models around offering that we have launched historically in the last couple of years around MyCloud which kind of involves the ecosystem which should give us a better position, but besides the Infrastructure we continue to see some level of churn in the applications support and maintenance business especially with our positioning around in a lean and proactive obsolescence, I just talked about in terms of what we are doing so. We have had a number of such wins in the previous quarter, we believe the market traction looks good, like I said the analyst community is talking well about it, I guess because we'll span out. Then there is the third type of renewal market which is the integrated deals between Application and Infrastructure or let us say between EAS and BPO and ETS. So I would see initial signs of those coming in, engagements going before it really becomes a trend but that is something which I would believe would drive more around the latter half of the year. Nondiscretionary side, we believe there is a good market opportunity and I will ask Steve to comment specifically on the discretionary side to see the way the trends he is seeing, because there is kind of a very specific market which he is …..

Steve Cardell I think on the discretionary side what we found in the market is that discretionary spend has been pretty conservative for the last four to five quarters. So what that is done is built up a sort of pent up demand in companies for discretionary spend and what we have seen this last quarter is an increase in the number of conversations around potential discretionary spend, particularly in some of the emerging technology areas, such as Big Data and Analytics, such as Mobility and I think the real thing for us to see in the next quarter or two is how much of those conversations translate into concrete dollars and budgets being released for some of that. So I think the pent up of demand is there. What we are not seeing is that turn into budgets that have been released, but I think the next quarter or two will give us a much better insight into that.

Mitali Ghosh Just to follow up on that, a couple of your peers seem to have done well in that space in the last two quarters. Any comments on what could be the reasons for the difference that HCL, whether it is mix related or any changes you are seeing in the competitive landscape?

Steve Cardell I think one of the things that is helpful just to highlight is due to the historic acts on acquisition the Enterprise Application business unit at HCL is skewed towards implementation services. So sort of 75% of our mix comes out of implementation and transformation projects, 25% out of application management and so on, so compared to our peers there mix is probably the other way around. So that means the discretionary spend has a big influence both up and down in terms of the QoQ performance. I think there is a business mix difference that we see there.

Anant Gupta Do you think from YoY perspective, just to add overall EAS business about 9.7% likewise on custom app, so it is pretty much in line roughly with the industry besides the quarterly aberrations in there.

Moderator Thank you. The next question is from Ankur Rudra from Ambit Capital. Please go ahead.

Ankur Rudra If you can comment on the relatively weaker growth in Asia-Pacific for the last two quarters, is there any sales or go-to-market issue there or have you changed your strategic areas of interest, because we have seen continuous strong deal activity from some of the industry analysts and also growth in your peers, maybe you can elaborate there?

Anant Gupta I think this point did come up about a couple of quarters back and Vineet did mention. So given that there is such a huge market opportunity and churn especially around the business side, especially in the US and Europe, so we kind of reprioritize certain markets in there to limited areas where we believe we could kind of get the right significant value. If we extend that even into the discretionary side because a lot of this market is driven by complex system integration and project implementation, so we have kind of reduced the focus areas into specific areas where we believe repeatability is strong and there is a significant value which we can deliver in a finite time. To answer your question, really it is more reprioritization in a short term period into markets given that we have finite amount of resources, specialist resources we have garnered and more towards market play where there is a significant pent up demand which we see from the rebid side.

Ankur Rudra Can Anil quickly comment on the kind of indirect cost in software services, primarily reduction of subcontractors?

Anil Chanana Yes, it is a combination of reduction of subcontractors and other optimization which is taking place in the cost. Industrialized delivery means you cut down costs, you do time and motion studies and look at what is needed, what is not needed, cut down that.

Ankur Rudra The drivers for reduction in subcontractors is driven by your ability to hire better or transfer from India?

Anant Gupta It is both.

Moderator Thank you. The next question is from Nimish Joshi from CLSA. Please go ahead.

Nimish Joshi There has been a mix skew in your growth. Infrastructure has gone over 30% where rest of the businesses are growing at 5% rate. Do you expect that skew to continue in the next year as well or do you think there will be more normalization on that front?

Anant Gupta We had 10.9% growth this quarter and 10.4% in the previous quarter, and I guess it must be just a quarter-on-quarter specific to the previous quarter last year.

Nimish Joshi But Infrastructure is growing 37% that is contributing bulk of the growth, you do not see that skew continuing next year?

Anant Gupta If I understood your question, you are saying that do we see Infrastructure Services business to continue this pace of growth?

Nimish Joshi I am asking will that skew be there on overall company growth being influenced more by Infrastructure next year as well?

Anant Gupta It is difficult to say, it is cross border phenomena, but I think definitely what market drive will be is towards run the business engagements from a large complexity perspective, at the same time there will be small and mid-size engagements which are around CTB which will drive. So from a client count perspective we could be fairly balanced between both the CTB side and the RTB, but from a value perspective it would definitely be skewed more towards RTB in there. That is where we rebid market largely is and a good bulk of growth which is happening in the market is really coming from market share move and churn. The overall market per se is not increasing. So we definitely see the growth rates to be driven by RTB. Now, RTB component content is if Infrastructure Services is largely RTB so that is why we see some skew there, but then you have the significant portion in Custom Apps and EAS as well but it is much smaller.

Nimish Joshi One question on utilization, there seems quite a big jump through the last year, onsite is almost 97% and the blended is 81%, and you also had a net reduction in head count. So do you see more space for the utilizations going up or do you expect hiring to pick up in the next few quarters?

Anant Gupta I do not think it is a hiring concern, I think in the previous two quarters, we have seen a culmination of two aspects which have kind of the net add in a specific service line slightly negative and that is largely is due to day one, we talked about lean which is a) we are proactively going after and reducing it over load as deals move from T&M to managed services and then into steady state where we then pursuing the lean operating framework. And second, we spread our performance cycle over two quarters this year and there you have some reductions due to performance attrition which is there.

Nimish Joshi Utilizations have scope to go up further?

Anant Gupta We believe I think onsite is fairly aggressive but I think we are in an ideal operating range, slightly higher I would say on the onsite, maybe some room on the offshore. But that is not really going to drive the model. I think the model really is going to be driven more by the lean which will fundamentally look at, at the framework.

Anil Chanana Nimish, just to add the labor component particularly in the total IT Outsourcing maybe like 40% as Anant in fact in the press conference today covered. So there are other components as well where optimization is possible and which lead to margins.

Anant Gupta That is a great point. Maybe I can just elaborate. We have been a proponent of going after the total outsourcing market and so the whole aspect is not just about the labor component of that engagements. Normally, those are only 60% of the total outsourcing budget. The bigger impact that we can deliver to our customers on a business case which is the positive business case for them which becomes a trigger to also look at options is really how we impact the third-party spend. So whether it is in physical data center, whether it is in the footprint of the data center, whether it is virtualization, using usage of servers, assets, telecom bandwidth, licenses. So I think there is a great room around that. So the industries are largely focused on the 60% which is the onshore/offshore mix which really is no longer a big differentiator for anybody in the industry especially when you have incumbents like let us say IBM, HP and global players. So a real proposition is the ability to impact that 40% which clearly referring to the margin profile.

Moderator Thank you. The next question is from Sandeep Shah from CIMB. Please go ahead.

Sandeep Shah Firstly, my question is with some change in the senior management, do you believe that there could be some changes in the client-facing positions within the company?

Anant Gupta Not really. I think from our perspective it is business as usual. Whatever changes had to be done in terms of alignment of different businesses, etc. were pretty much done in July and the role which Vineet played and will continue to play going forward is really about leadership, mentorship and handling key senior client relationships. So that role continues and therefore we see no gap in that space or any change in that space.

Sandeep Shah So in that scenario the transition may be likely to be soft rather than hard for whatever changes we announced today?

Anant Gupta Absolutely, that is why I term it business as usual.

Sandeep Shah And last, Anil, just with the improving cash flows and the margins this quarter the other income does not look like it has been increasing at the same space. So any reason for that? Is there any bulkiness in terms of the fixed maturity treasury versus the normal treasury?

Anil Chanana This could have elements of like you put money in a mutual fund, liquid scheme, might have opted for growth versus dividend, those sort of things keep on playing there. It is like a residual head. So it keeps on varying from quarter-to-quarter. Other than that there is nothing.

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

Pankaj Kapoor I just wanted to check that given in the first half on the margin side we are almost at 19% plus. Do you review the earliest talk that we had put out of FY13 margin coming out somewhere around 16%, which was the last year base? So any review of that if you can share?

Anil Chanana There is a fundamental change in the company which has taken place in the services profile, in the revenue profile of the company which has taken place. One is that we have stream of

revenues which is very significant, which is run the business where we can see the visibility over the next four, five years is a typical period of a five-year deal where in managed services you can sort of try and take out margins. There was a portion which was run the business that became a new big deals and now being on-boarded which used to put a pressure of the margins and it also used to fluctuate. However, now the base has become significant. So, therefore something very big is needed to sort of move the leader. However, going forward it will keep on depending upon how many new engagements we are on-boarding and which are under transition and which are getting into steady state but depending on what is happening in a particular quarter. We do believe that we will be looking at the needs to invest in our business as well which we believe that we should be able to keep our margins within the range of 18 to 19%.

Pankaj Kapoor Is that the view, I mean, outside of currency even going forward also, that this is the range that we will strive for in the coming years as well?

Anil Chanana This particular 18 to 19 range I think will hold good with the dollar/rupee at 55. However, I mean, we hedge 40% of our inflow for the next one year. And my hedge rate is like 54.27. So I have in a way protected myself partially already. So you can look at it from that angle.

Anant Gupta Just to add on the point about on-boarding. So we have always said that when we get into large complex multi-year engagement we always overinvest in the initial period in terms of resources and delivery and account management. So that philosophy does not change, because that is fundamental to the kind of getting the car into steady state and transitioning it quickly. So depending on, given the fact that there is a significant renewal market out there, and depending on whether let us say, decisions are done in Q1, Q2 or how they move, I think the focus will not be to necessarily balance it, so we are not in the business of balancing the onboarding of new customers with the profile. So depending on how our acquisition engine delivers our focus will continue to be on acquiring marquee clients. So to that extent if there is a slight dip in kind of over investments around the resources we will continue to do that because our philosophy of continuing to win marquee clients, get our foot in the door continues to be there, because we have successfully shown that we are able to significantly enhance the margin profile once the engagements go into steady state, b), it is a finite window in terms of renewal market and c) there is a great opportunity for cross sell, a lot of engagements of cross sell has moved up to, internally to track what we call as service adoption index which is 3.8, so ultimately we fundamentally believe that yes, we will enter with RTB, it is high quality revenue, but we will introduce other services which are higher value like ES or complex transformational elements as well.

Pankaj Kapoor Just one clarification here, since last two quarters we have been able to balance out the wage hike impact completely using the optimization on the headcount, and you are referring to that will continue to be strategy going forward as well. Is there a rethink, or a change in the stance in terms of how you view the pipeline? Is it going to be a more balanced between margin and growth going forward or we will continue to aggressively focus on the top-line side?

Anant Gupta I think we have always said we will focus on both. So we will continue to focus on growth and our margin profile. So that philosophy does not change. I think the point really is that when we the initial shifts happened a couple of years back the quantum of business which came in, which was on the business, and which had the impact of let us say initial incremental investments and the gap between them into steady state, I think there is a fair balance right now in our portfolio as Anant was mentioning in terms of the mix of high quality revenue multi-year which has run the business versus what is coming in at the same time. So as a strategy we continue to look at both as key elements and we will continue to focus on both elements.

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

Ashwin Mehta One question in terms of deal flow, we have seen almost a billion dollars of deal flow signed in this quarter, which is largely similar to what you signed in 2Q of the last year. So I just want to understand if our win rates and the deal flow available were as per expectation or is there any deviation? And secondly, how do you see the next quarter shaping up, because we have been indicating that the second half could be pretty big in terms of deal decision-making?

Anant Gupta You are right, I think we had a good booking quarter of about 1 billion dollars. I think there has been some skew in decisions, let us say, which were firmly to have concluded in December, moving let us say into the first week, second week of January, that kind of timeframes, those skews are natural and will happen. But if you really look at the funnel, the funnel that we have today, as we stand today in this quarter is definitely higher than the funnel that we had in the same quarter last year.

Ashwin Mehta Secondly, in terms of BPO, do you see the margins going up and what are the targets in terms of reaching closer to the company level margins or thereabout?

Rahul Singh BPO margin has been increasing. So, if you look at EBITDA this quarter, EBITDA margins in BPO have hit double digits 12% and this is very different from where it was many quarters back. We had negative margins in the previous two calendar years. Now, the way we are approaching BPO is that there are two parts to the exercise, one was to get the cost correct and to move out of low margin businesses and low margin accounts, and second was to get the top line focus on right segments and right focus areas. So we have concluded the entire transformation exercise. So we believe that at this point of time we have realigned the business model for growth from the futuristic perspective. So far as margins are concerned our target margins are to reach at a certain point of time in the future to corporate margins. The timeframe of when that will happen is difficult to say because as we are progressing step-by-step we are cautious to make sure that our new business is acquired are in the right verticals. So we are not going indiscriminately in terms of all verticals, all horizontals and so on so forth. So we are building it in specific verticals which are domain-oriented, higher value work and similarly service lines which have a higher value and play off better to a technology led BPO where transformation can be brought in. So with these kind of challenges which we have in the

BPO, which is to do the right kind of thing to take in to the right domains we will hit corporate margins by doing gradually coming up to that.

Moderator Thank you. The next question is from Kawaljeet Saluja from Kotak Mahindra, please go ahead.

Kawaljeet Saluja My question is that, what is the value of new deals won in the US$ 1 billion of TCVs which you have signed? Or to put it differently what is the incremental revenues on an annualized basis from the deals signed in this quarter?

Anant Gupta So, the billon dollars, if I understand your question is, are you asking is the billion dollars signed net new or with renewals'

Kawaljeet Saluja Absolutely.

Anant Gupta The entire billion dollars is net new So we do not include in our numbers when we say, new bookings done, when we say TCVs booked we do not include renewals of our existing engagements in there.

Kawaljeet Saluja And that holds true for extension or increase in the duration of the deals as well. So let us say if you have signed a deal for two years, and that gets extended to five years, even that is not included?

Anant Gupta Expansion of scope of services is included and extension of term from original term, the incremental portion is included, but not the core work itself.

Kawaljeet Saluja The second question is, what could be a theoretical limit of utilization onsite? When I say theoretical, of course it is 100% but more from a practical angle. Given the fact that HCL Tech does have a significant amount of rebatched employees. And the second question is related to the utilization especially onsite is that do furloughs, leaves and a lot of those aspects have any impact on the utilization rates that you give out?

Anant Gupta I think there is the theoretical limit threshold really differs by service line to service line. If you are really in a run the business, operational services, the element should be very, very high whereas if you are in let us say discrete components or project implementation, things like that, they are normally lower, because you have that. I think those two aspects will derive that. We do not want to kind of peg what is the overall threshold per se which we should go. With respect to the question on leaves and furloughs I think to a large extent we have limited exposure there, because a lot of our engagements moved significantly into FPP and managed services model and therefore they are really not dependant on that construct plus there is a significant amount of portion of work which is let us say done in a device-based model or an outcome-based model. So to the extent those service lines or those programs are governed by those frameworks, there is no impact because you are already provisioned for the overall scope and then managing the input cost is really left to the service provider like us whereas in the time and material, yes, there is some, but we were not obviously impacted by much of that.

Kawaljeet Saluja Finally, do you worry about high attrition rates in the IT Services business, I mean if you just look at it on a quarterly annualized basis, the attrition rates continue to be at 20% which is little bit of a surprise for a company that is doing extremely well. Do you worry about that attrition rate? And one final question for Anil. Anil, what will be the percentage of revenues which goes into outsourcing cost and what is the same number let us say a year back?

Prithvi Shergill Let me take the question on attrition. I think this quarter we have completed our performance management cycle, which as you know happens over a couple of quarters because we segment our employees differently. So the numbers that I see are in line with what our expectations were year-on-year around this number, so I do not see this as anything different at this point of time.

Anil Chanana Kawaljeet, just to answer the other question which you have raised in terms of outsourcing cost, I do not have the number as of now right away, but I will certainly be happy to share with you, but our outsourcing includes the hand and feet support in many countries where we do not have our own operations of hiring the data centers, bandwidth, etc. So it includes both the lever component as well as third-party services which we take. So that number probably if I remember correctly was about 12, 13% last year. Whether it would have increased significantly? I do not think it would have increased significantly, probably it would be the same range, but certainly we will come to you.

Kawaljeet Saluja And just on the question of attrition and utilization, is there is any concern, now given that you are running such a high utilization of 81% and attrition at 20% on an annualized basis, how do you manage this kind of a utilization given the attrition rate dynamics. Is that a source of concern?

Anant Gupta I think if you just go back to Prithvi's answer, I think, the last two quarters have a very specific culmination of specific aspects, which includes the performance. There is the involuntary aspect in there, but if you really focus on just around the voluntary number, I do not think there is a cause of concern.

Moderator Thank you. The next question is from Deepesh Mehta from SBI CAP Securities, Please go ahead.

Deepesh Mehta In one of your slides you mentioned Alternative IT model and in that you had shown cost uptake in initial phase. Just want to understand, because we want to focus on that part so whether it would have any margin implication in the next couple of years?

Anant Gupta Which service line you said in Alternate IT.

Deepesh Mehta In the presentation the slide shows a significant uptick in cost in initial phase, and as time goes it comes down significantly. I am referring to the same slide, the second or third slide.

Anant Gupta Are you referring to when the onboard large complex engagements, initial on-boarding cost is higher and when it moves into steady state, is that the question?

Deepesh Mehta The presentation, the previous slide of what it is currently on Microsoft Office is right. I am referring to the cost side if you see. It shows Gen Plus, in that cost uptick is there; just want to understand if we are focusing on that Alternative IT side.

Anant Gupta Absolutely, we are focusing and actually what that cost element means is, in Gen I outsourcing, people were looking at whether they could get cheaper labor, cheaper resource. In the Gen II model it was overall service cost and we are still in the Gen II phase, but there are early signs of Gen Plus which we are especially kind of pushing, which is really impacting the core business function cost itself. So, that is what we mean by the business cost over there. The next phase of outsourcing is moving from just the service cost and moving towards the actual impact on the business function or business cost itself.

Deepesh Mehta The question is, because now we are focusing on that market, so early investment required to capture markets there, whether we will see any margin implications?

Anant Gupta If I understand this, the spike which you are talking about, in the previous model the spike used to be knowledge transfer, right, then we would have done knowledge transfer and hence we would have been in initial bulge cost in there. In here, you are looking at a very different bulge cost. So in here the bulge cost is more around breaking in the transformational component of the service which will kind of replace what used to be the knowledge transfer cost. So the operating model from a commercial standpoint will be similar. So I do not see any incremental impact, but it will be similar from our standpoint in terms of the initial bulge which is there.

Deepesh Mehta From operating perspective you do not see early part investment would be high and subsequently you reap benefit?

Anant Gupta Yes, it would not be any different from what we are doing in today's outsourcing model in which the bulge today is going in knowledge transfer, that bulge is moving away from knowledge transfer into an outcome model over there.

Deepesh Mehta The second question is about weakness continuing in software side. So when do you expect things to be comparable with infra side, because if I see for the last couple of quarters, we have seen significant weakness, partly due to enterprise side, but apart from Enterprise side also weakness appears to be there?

Anant Gupta So one point we need to understand between Infrastructure Services and some of the other services, I think Infrastructure if you look at the overall market and how much of that is being penetrated it is fairly under penetrated. So the play of capturing larger market share obviously exists in there, a lot more than in the generic application space, So if we look at engagements where we are in RTB and on Application Services, or ES otherwise, where we keep bundling up those deals and ITO, we see growth continue to happen from there. But the discretionary side, there are multiple aspects to the discretionary side. So Steve alluded to one or two of them, but in addition there are engagements, for example, let us say there are sectors like the

regulated sectors where reforms are taking place like Banking or in Utilities, or in Healthcare, where we see some amount of discretionary spend to be coming back in. The question really what we are wanting to wait and watch is whether those will be standalone engagements or would they get bundled along with RTB engagements, so that is something which we will have to see. But I am not so sure whether the growth rates of the service lines will be similar, but I think over a period what you will see is the deals moving more towards integrated deals.

Deepesh Mehta Last question is what would be the percentage of our revenue coming from SEZ.

Anil Chanana I do not have the number at the moment, but we can certainly come back to you on that.

Moderator Thank you, the next question is from Yogesh Agarwal from HSBC Securities. Please go ahead.

Yogesh Agarwal Just a couple of questions, firstly, just going back to the higher contribution of Infrastructure Services in the last two quarters, almost 80% has come from Infra, now understandably the rest of the business is more macro driven, but specific to Infra now that a couple of other large companies have started to see higher deal wins as well and a few of them have been in the Infra space as well. Do you think the competition may increase or the win rate may get impacted for you and related to that, since your funnel is just about up year-on-year, what are the win rates you are assuming in that?

Anant Gupta Our competition continues to be global MNCs. Significant impact like I said, in the rebid market our competition continues to be global MNCs, we continue to see them, the win rates that we have over there in that businesses in excess of 50% and that is across our business lines and service lines as well. So yes, I guess there will be competition, but it is not that this competition is new, the long list of providers have been the same for the last two, three years, so I do not see any cause of worry there. The increased competition will only increase us to be a lot more aggressive in the marketplace and also take more thought leadership position. For example, we launched MyCloud, which is close to about two years back, which was to take advantage of the other service business model. So I guess we will have to continue providing a differentiation in the global markets to continue our win rates over there.

Yogesh Agarwal And then just a quick one, on the hiring side in the core software, there has been a decline in employees, and practically last four quarters not much hiring has happened. So obviously the environment is weak, but is there a lag effect as well, because does that mean that even in the next three months or six months you would not see much of things happening because at the end of the day you would take time to hire and then projects to ramp up?

Anant Gupta Like I said earlier, the specific aspect of net additions in the last two quarters had two aspects to it, one was around lean and the second was around performance and therefore our performance period appraisal cycle. I think that was one of the reasons. Does not mean that business macro aids us to the fact that there is an industrialization of services which is happening, which is reducing workload, making us more efficient and the other one is related to the reward cycle. The other aspect really is in the industry. I think the time to onboard and

time to train and get people productive has obviously reduced. We have looked at the models of how to make fresh talent or campus hiring talent a lot more productive, much quicker, fungibility of resources across different skill sets is another area, and third, depending on the kind of complex engagements, strategy of just-in-time hiring for the kind of work we pick on in the initial phases continues, like I mentioned, there are a couple of engagements picked in the Application Services and Maintenance space, in the RTB space. So when you get into such large engagements in the initial phase we do put in lateral hiring, including realignment of experienced staff, but as we move in into steady state, then we are able to absorb other talent. So that strategy will continue.

Moderator Thank you, the next question is from Ananta Narayan from Credit Suisse, please go ahead.

Ananta Narayan My question is related in a way to the previous one on the utilization as well. So HCL Technologies has done very tight shift as far as headcount is concerned, and in the past you mentioned about opting for just-in-time hiring as much as possible. Also unlike your peers, your business model really does not really allow a very flat pyramid as well. My question is assuming that the demand environment strengthens considerably over the next 12 or 18 months or whatever, is there a risk that that could actually pose a constraint for the company in acquiring the right skill sets?

Anant Gupta My personal view is no that I do not think so, Prithvi you can add in there, but I think the overall industry is soft, we do not see scarcity of generic tap, point number one. Point number two is, we have mastered this just-in-time model plus the fresher model and that specific model for the last three to three-and-half years now. It is not something which is new, something that which we have been an advocate of. So therefore we have fine-tuned our engine. Third, coupled with our expertise and R&D, the ES expertise which also we are able to tap is now blended into the same framework. So I think these three aspects will help us to be a lot more agile and lot more flexible, and therefore I do not think I am concerned, but Prithvi, if you want to add or Steve?

Prithvi Shergill I think you have a good point.

Moderator Ladies and gentlemen, we will take one last question from Anup Upadhyay from SBI Mutual Funds. Please go ahead.

Anup Upadhyay Sorry for repeating this question as it has already been addressed earlier in the call, but is there any change in the reporting of the finance function? Because I am alluding to a report in Economic Times which says that the finance function will now report to Mr. Shiv Nadar. So is there any change in that reporting structure?

Anil Chanana Whether it is Vineet's time or when Anant has taken over, we have been operating a structure, we have the finance divided into two parts broadly. One is called the business finance and second is called the corporate side of the finance. The business side of the finance in any case was to the business leader. So they report in to me but they work with the business leader.

They work with the business leader much more than they work with me. So that is one thing. The second side is the corporate function, which is like tax, treasury, etc. where the reporting goes into Shiv directly. So this is the way we have been running the function and we will continue to run in the same manner.

Anant Gupta And just to add to that reporting relationship has not made any impact on the ways of working between different leaders. We have a fairly matrix organization and that continues, that has been one of the key reasons for success, so that will also continue as we go along.

Moderator Thank you, ladies and gentlemen, that was the last question. I now hand the conference back to Mr. Anant Gupta from HCL for closing comments.

Anant Gupta Thank you very much for joining this call. Just to sum up, I think we had a great quarter, and we hope to continue our momentum and we look forward to meeting you in the next quarter's earning presentation. Thank you.

Moderator Thank you members of the management team. Ladies and gentlemen on behalf of HCL Technologies that concludes this conference call. Thank you for joining us and you may now disconnect your lines.