"HCL Technologies Limited Q4 & Annual Results FY 2014 - Analyst Call"

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CHORUS CALL®

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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 after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anant Gupta. Thank you. And over to you, sir.

Anant Gupta: Good day to all of you, and welcome to the 4th Quarter and Annual Results for HCL Technologies.

A quick snapshot on the agenda today:

We have three additional members on the call today -- 1) Rahul Singh continues to represent us for Financial Services and Business Services, 2) Ajit Kumar who heads Delivery of Applications and Diversified Industries is presenting on behalf of Steve who is preoccupied with an engagement, C Vijayakumar will be walking us through Infrastructure; he has been with the Infrastructure business since its inception, so he will take through that, and Prithvi whom you may have heard in the past will walk us through the HR Changes and Updates in addition to Anil who will obviously walk us through the Financial Analysis.

Moving on to our performance – From a quarter perspective we had another quarter of good consistent performance, 3.4% growth sequentially which is up 15% Y-on-Y basis. Net income grew by 16% sequentially and 44% on a Y-on-Y basis, this is in dollars, and on an INR basis the revenue grew by 21% Y-on-Y and net income by 54% Y-on-Y for the Q4.

If you look at our annual performance for the fiscal '14 – we actually had 3 significant milestones -- First is on revenue; revenues for the company crossed $5 billion to touch $5.36 billion, this is a 14% Y-on-Y increase from last year and a 15% CAGR over the last three years. If you look at our EBIT, it has grown by 40% Y-on-Y, which stands at about 1292 million, again representing a good consistent 39% CAGR over the last three years. Most importantly, our net income again a milestone, we crossed a billion dollars during the year in our history, 42% Y-on-Y as well as 42% on a 3-year CAGR basis. Return on Equity was at an all-time high of 36% and cash flow as well crossed a billion dollars during the year.

We will move to how is the sequential trend for the quarters been – you will see that on a revenue basis we have been consistently growing for the last 12 quarters between 3% and 4% sequentially, 3.4% this quarter but a consistent growth indicating resilience in the business model, the balance in the portfolio that we have, sometimes skewing between RTB, sometimes between CTB, and again between other lines of business. The net margin also has been a story of consistent expansion at an all-time high of 21.7% for the AMJ '14 quarter.

Diving deep into where this growth has come from – Infrastructure Services continues to drive the growth. On a Quarter-on-Quarter basis 3.7%, full year basis 33% growth. Engineering

Services grew by 3.8% during the quarter and this is an interesting trend we are seeing and especially a trend which HCL is driving in the market trying to move the specific service into a more structured sourcing kind of construct where we are looking at more end-to-end contracts rather than just the offshore-centric model. So we are kind of driving some significant change in the specific offering over here. We believe it is a new trend to tap into the large untapped market, as we all know it is a trillion dollar market, currently outsourced is only about $40 billion. Significant headroom to grow in there and some of the changes which we are driving I will share that to you in a couple of slides from now.

Business Services grew well in the focused strategy by 17.7% sequentially as well as 20% Y-on-Y. It continues to track well in the chosen areas of operations. If you look at it from a vertical standpoint – two momentum verticals for us being Manufacturing and Financial Services. We had an industry-leading growth for the fiscal 18.1% in Manufacturing and 22.4% in the Financial Services vertical. Financial Services vertical for the quarter grew by 9.3% as well. Telecom, Media is like we have been mentioning has been a focused account-based strategy and specific initiatives around our Digital Systems Integration is driving some of that growth, so we saw sequential growth of 10% largely driven by a couple of engagements in that specific area. Public Services – another vertical where we have been invested significantly and this has large portions of utilities, the logistics, and parts of Oil & Gas grew significantly, in the fiscal 43.5%, largely driven by a couple of very unique engagements, which we had announced in the previous quarters – one, being the entire transformation of utilities front-to-back, right from technology all the way to the operations of the BPO in that.

From a geo standpoint – Europe continues to drive above average growth rates of 25% growth rate for the fiscal 7.4% for the quarter. Americas grew by 12.2% for the year and continued with their consistent performance in terms of chipping in into the growth. ROW remained largely flattish, around 1.5% growth rate, again largely driven by a consistent strategy on focusing around a few countries, where we believe we would like to participate.

Moving on to some of the market trends and the way we see the market shape up – so if I were to sum it, it is largely moving into a Gen 2.0 model across the board. So whether we look at RTB bucket or 'Run-the-Business Services' around Infrastructure or Applications, we continue to see significant movement and adoption of the Gen 2.0 model. If you look at the commentary from ISG, they continue to indicate a robust market over there for both, be in renewals as well as first-time outsourcing. What we are also interestingly seeing is the Gen 2.0 outsourcing model now coming in into some of the CTB programs, largely driven by the digitalization wave. So I think we will continue to see some more of that going through and the relevance of our Digital Systems Integration strategy which we had announced earlier in the year and the impact it is making to that specific marketplace.

I think more importantly looking at some of the key levers which are driving the churn in the market, if you look at 'Run-the-Business' and this is on the right hand corner of the screen, largely driven by business case, service quality and flexibility and on the CTB side, it is the ability to partner in long-term initiatives in a risk/reward model, driving innovation, and scale.

But the key element over here, if we were to sum it between RTB and CTB, from our perspective is around flexibility, ability to partner, and innovation, and if you would recall we had introduced our overall overarching theme around relationships beyond the contract which builds on the three core foundations of "trust through transparency and flexibility, employee first, customer second, and value-centricity". So we will continue to see more of that drive this and a key reason behind technical differentiation and domain differentiation in each of the service lines that we sell in the marketplace.

You would have seen this specific slide which talks about the 5 Umbrella Themes we are focused at. The first being Enterprise of the Future, the second around Engineering Outsourcing, the third around ALT ASM, driven by proactive obsolescence, the fourth which is Enterprise Function-as-a-Service, which is a repositioned BPO offering, which has a front-to-back end-to-end play, and finally, the Digital Systems Integration offering for the marketplace. Put together across all these five different offerings, we booked in excess of $5 billion during the course of the last fiscal and we are very happy to report that each one of our offerings obviously is at a different stage from an adoption perspective, but really gaining traction in the marketplace.

Some elements as we progress going forward, what we believe is, we obviously will need to scale up and invest more in each of these path-breaking innovations. So going forward what you would see is increase investments in a few areas which are there to build the foundation that we have laid in some of these and obviously to increase some of the differentiation and scale up as we go forward. So if you look at Enterprise of the Future – we have been successful with our offering of Manage Tools-as-a-Service, something which we had launched about five years back, significant industry recognition, that moved on into the MyCloud Architecture where we positioned it about a year and a half, two years back, which really is the orchestration and aggregation layer for the Cloud. Again, that has done very well in the marketplace. We intend to scale that platform further and globalize that even more by introducing a very robust security and risk and compliance layer. So that is something you would hear more from us as we go along.

If you look at the Engineering Outsourcing Services and that is the thing I was mentioning in my opening remarks, is something to where we are accelerating an end-to-end play in Engineering Services, so as we see more we would be taking on larger end-to-end programs in Engineering and R&D Outsourcing Services unlike what used to be a component or a task-based approach of outsourcing historically. We believe that with this new positioning that we will scale up, we should have a similar play like IMS over the medium term over the next three years. So you would see increased investments in end-to-end capabilities, not just offshore, but significantly onshore as well, as well as investments in nearshore labs in specific technologies where we believe we will drive the next levers of growth in that specific business.

The other area where we would continue to invest significantly as we see a shift in the marketplace is really around the whole Digital Systems Integration space, the need to have higher-end domain-led SI capability. So as we go forward you will hear more commentary around increased investments in innovation labs, in our global delivery centers, as well as our onshore bench and capability, largely aligned to the strategy on digital as well as software-as-a-service.

On that note I will sum it up – a good performance for the fiscal, and with that I will hand it over to Rahul to walk us through Financial Services and BPO.

Rahul Singh: Thanks, Anant. I will quickly talk about the Financial Service performance.

We ended the full year '14 at $1438 million of revenue, and we clocked almost $400 million of revenue in the last quarter, which gives us full year growth rate of about 22.4%, it is industry-leading growth rate for the Financial Services business in HCL. The growth has been driven by wins which we have had through the year and also some ramp ups which happened in the last quarter. Our pipeline on an overall basis continues to be healthy.

We are seeing two kinds of demands in the current environment in the market – So far as 'Run-the-Business' is concerned, Anant spoke about that, the clients are moving towards Gen 2.0 based outsourcing, so more transactions are coming up in the managed service area, more transactions coming up in operations management area, moving away from the old transaction-based or people-based models that were existing earlier. So that is a definite trend in the market. From a 'Change-the-Business' perspective, the focus in Financial Services continues to be on channels transformation and digitization. We are seeing with cost pressures building up a lot of clients moving towards cost implementation which is off-the-shelf platform implementation and the clients already are spending a lot of money on risk and regulations, they continue to do that going into the future. We are seeing a demand also increasing from our clients in terms of newer models of engagements with vendors in terms of Utilities and in terms of captives, assisted captives and so on and so forth.

So the way HCL is responding to this is a very focused strategy in Financial Services -- #1 is on our existing accounts we are looking at larger cross sell opportunities; #2 is we are taking proposition into accounts, propositions around some of the ones which Anant spoke about earlier, ALT ASM, EFAS and so on and so forth, but also around Analytics and Business Analytics and other areas where the clients are looking for value. We obviously have a very partnership-oriented approach but we are also working with third-party platform providers as partners and are creating innovations with our clients in terms of innovation labs and thereby trying to capture a little bit of the mindshare in terms of change-the-business propositions as well.

In terms of focus, we continue to focus on vendor consolidation and are looking for opportunities wherever renewals are there in our clients' accounts.

Financial Services business is now getting well-recognized also by the advisors and analysts community and some of that is rated here. We were rated a Star Performer by Everest. Tower

Group has put us best-in-class and so on and so forth, so we are seeing some good recognition coming from the market as well on our Financial Services business.

Quickly, I will move over to the BPO business, the Business Service business. So we entered the year at a total aggregate revenue of about $248 million and this is a 20.8% growth rate over previous year. After many years we have recorded 20% growth rate in the BPO business and we believe the model now which is extremely focused on a few verticals and few areas is giving that kind of momentum that is needed. We can see that in terms of accounts that we have closed, so while there are almost 20 to 22 accounts closed in the last six quarters, 6 of them are significant closures, which will hopefully give us good revenues going into the future. Our account closures are in multiple verticals, but predominantly in Financial Services and in Public Services.

From a demand perspective – the BPO market is getting pretty specific in terms of demand by domain, so by industry specific demand coming through, also clients are looking for more hybrid solutions, where they are looking at BPO and IT bundled together which we are reacting to as a service model. This is besides the fact that clients are looking for high levels of innovation, automation, and obviously the outcome-based billing models are getting more prevalent. The way we are responding to the market is as Anant mentioned earlier very focused strategy on a few verticals which we have identified here – Financial Services and Healthcare and what we are calling as Enterprise Business Services where we are focusing on the Enterprise business of our clients from a transformation perspective, transforming their back office or transforming their front office and so on and so forth.

We have certain propositions which were taken to the market, so there is EFAS, which is a front-to-back integrated BPO/IT proposition, which we are taking into the market to gather momentum. We continue to get good recognition in the BPO space as well and some of that is mentioned here. So we have seen consistently over the last 12 to 18 quarters analysts and advisors suitably improving our rating in their various grids which they manage on an overall basis.

With that I would like to hand over to Ajit.

Ajit Kumar: Thanks, Rahul. I guess I will probably first cover the Applications part of the business which is EAS and ETS. From a financial performance over the last 12 months, this business grew at about 3.7%, you probably heard Anant overall talk about Applications growing at about 5.1%. EAS and ETS represents more the project part of our business, and obviously the non-projects part of our business had a higher growth rate to give us 5.1%. From a Q4 perspective at constant currency there was a small degrowth of 0.2%.

From a marketplace perspective we see two broad trends – from projects perspective one is that from an SAP Enterprise perspective, we see a lot of demand around migrating existing landscapes into the Cloud, and we see this as a trend that is going to accelerate over the next couple of years. The other big trend we see in this marketplace is really around companies and customers leveraging technology to make themselves more digital. So this is really around adopting digital platforms as a big focus area. Keeping in line with that I think our Digital Systems Integration offering is what we see as a significant driver in the marketplace going forward, it will encompass assisting companies in term and customers in terms of revamping their frontend, in terms of customer experience, implementing mobile solutions, leveraging the cloud, as well as driving improved usage of solutions that are there in the BI and Analytics place.

We are happy that over the last six months since we started this focus around Digital Systems Integration we have seen good market recognition from IDC and others in terms of recognizing both our Analytics capability as well as our broader Digital Systems Integration capability and proposition, and on the back of this capability we have been able to add three new clients in the last quarter.

From an SAP perspective we continue to be seen as a leader in that space, and we believe that we have the right propositions to be able to take advantage of the number of opportunities that are out there in the market including instance consolidation, including migrating to the cloud as well as migrating and leveraging some of the newer technologies that SAP is putting out into the marketplace including HANA.

If I move to the Diversified Industries segment of our business which really represents all industries other than Financial Services, it is obviously a vast portfolio of industries, and our focus in this portfolio is really going to be around Manufacturing, which has seen a growth of about 18.1% over the last 12 months. Retail and CPG which had a robust growth at about 8.5%. Telecom and Media though it saw an overall decline but we are seeing increased traction which is reflected in the 9.5% Quarter-on-Quarter growth, and interestingly this is the segment where we see a lot of opportunities around our Digital Systems Integration offering which is really aimed at revamping the channels that such companies are using in order to reach out to their customers. Public Services which represents a wide variety of industries including Oil and Gas, Utilities, etc., has seen very robust growth, particularly on the back of some significant wins in the Utility space. Life Sciences is another focus area for us going forward, we have a fairly large business in that space and it grew by about 5.8% over the last 12 months, but we see significant opportunities in terms of driving growth. If you look at the broad demand trends as far as these markets are concerned, I think from a Life Sciences perspective clearly we see a big demand for Big Data and Analytics Services in order to drive differentiated propositions. From a Public Services perspective I think we do see significant opportunities migrating to the G-Cloud as well as some of the offerings we have for the security part of the marketplace. Consumer, I think clearly a market where we see a lot of demand for Digital Systems Integration which is really around transforming the channels through which these companies reach out to their customers. Manufacturing, apart from the traditional offerings, I think we see a lot of demand around the whole area of machine-to-machine as well as internet of things and really the increase proliferation of intelligent devices in various equipments that these companies use is really giving rise to a whole range of new opportunities that will leverage a lot of the capabilities around Integration, around Data Analytics, as well as Cloud. Recognition perspective, I think we have been seen as a significant performer in the IT Outsourcing space, particularly in Life Sciences where we were seen as a star performer, and our Utilities offering which has been on the back of which we have driven the significant growth over the last year is seen as a very distinctive capability in the marketplace, especially in North America around which we hope to build some distinctive offerings going forward to drive growth in that business.

With that I will hand over to C Vijayakumar to talk about Infrastructure Services.

C Vijayakumar: Thank you, Ajit. In terms of Infrastructure Services we continue to do well. In the last fiscal, we grew 33.2% and contributed 34% to the overall revenues.

In terms of quarterly performance, Infrastructure Services grew 3.7% Quarter-on-Quarter and 25.6% Y-on-Y. In terms of growth drivers, last fiscal we had very high success in the mega deals and won three of the largest deals in the industry – two of them in Europe and one in North America. We also won several large deals through the year. The new deal wins, the momentum continues. We signed a mega deal last quarter for a Fortune 50 Company in the US to transform their data center landscape as well as managing them on an ongoing basis. What we are seeing is we are being invited for more and more complex deals and larger size deals. That is a very significant thing to note.

In terms of propositions, we continue to evolve our 'Enterprise of the Future' framework in our service portfolio. There are multiple dimensions to this framework. In the next-generation data centers we are seeing early trends of proof-of-concept for software-defined infrastructure and Hyper-Converged stacks. In the end-user space we see a trend of more personalization than standardization, it is really evolving towards workplace, service aggregation, portfolio, and there is an increasing sophistication around that. We are seeing a lot of traction in Service Integration and Management. We are seeing more RFPs in the space for standalone Service Integration and Management Services. This is also being called out as a separate service tower in larger ITO deals. We have a couple of good wins in this space in the last quarter. We are increasing our focus on information, security, and risk and compliance services, primarily bringing in the additional focus of using Big Data, Analytics in this space to proactively do predictive analytics and enhanced cyber threat intelligence.

In terms of industry recognitions – we continue to be rated very well by some of the analysts. We are positioned as a leader in the Gartner Magic Quadrant for Data Centre Outsourcing and End User Computing Outsourcing Services. We are cited as a leader in the ITO in the ISG Report which provides the market data and insights for the 4th Quarter and the full year 2013. With that I will hand it over to Prithvi.

Prithvi Shergill: Thanks, CVK. Good Day, everybody. A lot of the growth that you would have heard about in the performance, we are pleased to see that our culture of grassroots innovation and creativity has been translated into real value for our clients and we see this reflected in growing customer satisfaction as well. This also provides us an opportunity to give meaningful to our people and we are seeing utilization being sustained at an industry-leading number of 84.5%. We have continued to refresh and industrialize the way we offer our services related to people practices across careers, performance, reward, learning, and talent management. This coupled with our approach to just-in-time hiring continues to accelerate contributions of our people as well as their productivity. Attrition has been arrested at about 16.9% at the moment, and we are starting to see reducing trends across most lines of business within IT services.

Our presence continues to grow as follows work in the US and Europe. Many of the practices that we have matured and institutionalized, we continue to invest in those, in our onsite centers as well, leveraging technology to ensure that the way we deliver our services to our people are compliant, relevant, and standardized.

Our focus on engaging people really is built around our investments in learning. We have integrated our learning curriculums now to be role based so that we can increase proficiencies in line with some of the new work that is coming in, some of the new technologies that we need to support this also encourages people to look for opportunities internally itself.

We continue to increase our investments in our leadership development program especially for high potential people. I think all this is reflective of our commitment to build on our culture of 'Ideapreneurship'**.** A lot of the discussions we had earlier around our digital strategy. We are adopting in some of the work we do in recruiting, in learning, employee communication, and we are seeing that this will enhance social collaboration resonates well with our work force. Some of you may on the call may have heard about the campaign we ran as the coolest interview ever on Twitter, which resonated very well and we are seeing recognition of this with our story being shared in various universities.

The outcomes we are seeing in some of the programs which tap into innovation such as our value portal, MAD JAM, LeadGen, which is on the slide also continues to see significant uptick in the amount of value being generated. We believe that putting all this together we continue to influence the required organization capabilities for sustained growth going forward.

Let me hand over to Anil so he can walk you through the financial analysis.

Anil Chanana: Thanks, Prithvi. Good Evening and Good Morning, everyone. I will walk you through the numbers.

So first of all in rupee terms how we did in this quarter and for the financial year 2014. The revenue growth was close to 1% while the net income grew by something like 13%. Our earnings per share for this quarter annualized are at 105 while for the year it is Rs.90. So our net income on a Year-on-Year basis, our revenue grew by 28% while our net income grew by 58% -- I would call it as amongst the best in the industry.

Going further in dollar terms – 3.4% revenue growth in reported currency and 2.8% in constant currency, the 60 bps being made up principally by GBP and Euro, and then multiple of other currencies. At the net income level, we grew by 15.6%, and for the year as a whole we grew 14.4% and 42% in net income terms. So, we sort of exchanged a billion dollar in net income, so we joined that club of companies having a billion dollar in net income.

A couple of things here are interesting that this growth is at 3.4% this quarter growth is on top of 3% growth last quarter and if you look at over a period of 4 quarters, we have been delivering 3.5% quarterly cumulative growth rate. Even in constant currency terms, our growth has been for the last I would say 4 quarters has been in the range of between 2.8% this quarter to 3.6% which was in July-to-September quarter. We are very less exposed to something called 'seasonality factor' and it is becoming like more of a recurring revenue stream which is sort of accruing here. Also, the Return on Equity is 36%.

Other things I would like to just point out is the SG&A. You would see the SG&A has come down from 13.6 in FY13 to 12.3 in FY14. When I met the investors and met some of you, the question has been coming, are we optimizing on the SG&A and thereby sort of pushing it into the profit line, the answer is we are certainly optimizing on the G&A but not optimizing on the sales and marketing. In fact, I have some data points for you, which are very interesting data points. So if you look at our sales and marketing spend, our sales and marketing spend has significantly increased over the last one year, it has gone up by 22% Year-on-Year as compared to our revenue growth of 14.4%. However, our G&A spend in absolute terms has only increased by 2%. Our focus is on the G&A. Also, we do provisioning for doubtful debts, which last year was at 0.6% of the revenue, and this year is at 0.3% of the revenue. The complete annual report is already with you, you can sort of look at that as well. Also, there has been ESOP charge which also is coming down, so it used to be 0.3%, it has come down to 0.1%. Also, in this deduction we have been helped by the FOREX, which has helped us by something like 0.5%. So the high point is the sales and marketing spend has increased 22% Y-on-Y.

Moving on, if you look at the client addition, the client addition has been very healthy – in (+100) million clients' 1, in (+50) million category 4 clients, and in (+20) million category 16 clients. Also, if you look at the top 5, top 10, and top 20 customers, you would see that close to about 1% or slightly more than 1% this quarter, but however, if you look at over a period of time, Year-on-Year, the top 5 have grown by 9%, the top 10 have grown at the company growth rate 14%, and the top 20 have grown at 17%, so there is a upsell and crosssell happening into our existing client base.

Moving on to the cash flow – the cash flow conversion has been very good. The operating cash flow continues to exceed the net income, and free-cash flow to EBITDA ratio is at 69% this year and same as it was last year.

Moving on in terms of receivables – our receivable position is 82 days, the same as it was last quarter. Our billed receivable number of days has actually gone up, and unbilled have come down, something we are focused on.

Of the results which have been announced so far, ours is the best in the industry.

In terms of the CAPEX spend, it has been 3.1% this year as compared to the quarter of 2.5%. Since we are on management of funds, the Return on Equity has been the best at 36%, it is the best for us.

Since we are talking about cash flows, I also like to highlight that the board has decided to declare Rs.12 per share as dividend; this dividend is being called as interim/special, it actually belongs to the FY14, so we did not declare anything called final dividend, and instead declared a special dividend of Rs.12 per share. So this takes the total dividend for FY14 to Rs.22 per share. This sort of translates together with the dividend distribution tax of a payout ratio of 28%.

Moving on further – the hedges, so we have 325 million in terms of balance sheet hedges, and 825 million in terms of cash flow hedges, is equivalent to something like slightly above 4 months of our cash flows and the book rate is 62.61. There are forwards and there are options.

Moving on, this quarter we had lower impact on account of currency. So I had guided that it will be around 11 to 11.5 million, it came to actually only 9.4 million. Our OCI position if we take the mark-to-market rates, will be 43.4 million; however, on a held-to-maturity basis it is in a positive territory which is 26 million. For the next quarter, July-to-September quarter using the mark-to-market rate the negative impact will be 9.5 million. Going further, the tax provision this year came to 19.6% till March of '14 we were tracking at 20.7%, we sort of enter into discussions and agreements with the tax authorities in the foreign countries in order to have more sort of a stable tax regime so that we have visibility as to what we are and able to offer our profit for tax in the respective countries. So there have been savings therein as a result of entering into these negotiations, which have been baked in, and going forward our tax rate which is in FY15 and FY16 we expect to be between 21% and 22%, this takes into account the SEZ units which will sort of come into 50% bracket as we move forward and also the incremental business which we are doing in the SEZ.

With this I hand over to the operator. Thank you.

Moderator: Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from Ananthnarayan of Credit Suisse.

Ananthnarayan: I had a couple of questions; the first was on the Software Services business, which is basically the non-Infra, non-BPO bit. We see some pickup in growth over the last 12 months, but acceleration has not really been still that significant, still growing at about 5% to 6% on a trailing 12-month basis. Can you just help us understand what sort of acceleration can we really expect as we get into FY15? The second is Anil helpfully gave us more granularity on the SG&A bit, but can you just help us understand if there is more scope for G&A improvement as a percentage of revenue?

Anant Gupta: Let me try to take the first one which is on the customer, the way to look at is Application Services grew by about 8% on a Y-o-Y basis. I think some of our propositions around ALT

ASM are tracking well from a booking perspective. ALT ASM deals are similar to the IMS deals, so they will track a similar lead time from booking to conversion to steady-state revenues and so on, so we will see that in effect in the quarters to come. I think the Digital Systems Integration pieces, I would say while we have had good traction, still is a small contribution to the revenue as Ajit mentioned there were three deals which we got into, so I would say it is still an early period for the Digital Systems Integration business. I would say it is more of a medium-term phenomena where it will start impacting significant growth in the Application portfolio. For the short-term we believe most of this will come from the ALT ASM deals, we continue to book new deals while old booked deals moving to steady-state plus to some extent some level of services around implementation of ERP products which are on a SaaS model, so whether it is CRM like Salesforce or DYNAMICS or whether it is SuccessFactors, I think we would see some of that fueling in some amount of growth going forward.

Anil Chanana: Anant, to answer to your question on the G&A optimization, I think we continue to look at areas, at this moment we are sort of in exploratory I would call phase apart from see it sort of consolidation in the other side, how we can sort of do it, but at the same time we have certain investments lined up in terms of global delivery centers and so on and so forth. So therefore at this time I think as the plans firm up we will be sharing, but at this point of time I think it may not be right to say that there will be a further optimization since there will be a spend as well.

Ananthnarayan: One final follow-up on the first question. Anant, you gave us some color on the ALT ASM piece, but just putting everything together, should we expect significant acceleration sometime in FY15 or it will be more of a gradual process?

Anant Gupta: Based on the bookings I definitely think so, and especially if you take Engineering and R&D Services which is also a large portion of our course of business, we are seeing a significant change in trend over there, where especially us being the largest provider from a India stable perspective, we are driving a large end-to-end place in there, so I think that will also kick in into this portfolio. If you look at AMJ quarter which is concluded, the Engineering and R&D Services grew by 3.8% sequentially. So yes, I definitely do see the Applications Services, Core Software Services which includes Engineering actually trickle in significant growth in the Applications space.

Moderator: Thank you. Our next question is from Viju George of JP Morgan, please go ahead.

Viju George: I have got two questions -- one on Infrastructure Management. Anant, if you can just sort of give us a broad indication as to the kind of pipeline you are seeing in terms of the renewal deals that you would be interested in pursuing and what would be typically the win rates that you have been having in that piece?

Anant Gupta: So, maybe I will just direct that question to Vijayakumar.

C. Vijayakumar: So we continue to see a very strong pipeline especially in the rebid and renewal markets. We are also seeing some good traction in some of the first time outsourcing clients in Asia Pac and Continental Europe. So I would say that the pipeline as I see it today looks better than what it was at the same time in the last year.

Viju George: Most specifically I was trying to drive towards some specifics like $40 billion of deals potentially where you sort of pursue or something like that, and some indication of win rates also if possible please?

Anant Gupta I think the annualized number; there has been a marginal increase in the estimates as provided by ISG**.** It was in the order of $50-52, I think it is now in the order of $56 or $58 billion. From our perspective, we believe that 40% of that is addressable especially if you take out certain countries where we do not believe are attractive for us to participate or segments like state and local government or areas which are extremely asset-heavy. So, we would participate in roughly 40% of that market which we see. From a geography perspective, we believe that Europe will continue to drive a larger portion of the renewal market. Just given that we just have so much which is as an overall bucket Europe outsources more, but they have been normally a late entrant into the outsourcing arena in Gen 2. But in the last couple of years they have caught up. If you look at this year, we grew in Europe by about 24%. We believe that trend will continue going forward as well. US, there is a mixed thing, obviously, there some companies, some segments moved ahead, took advantage of the first cycle around the 2010-11 period, whereas there are still some segments which will come into the fray, like the utilities, some pockets of first-time outsourcers. Interestingly, what we also see is an increased traction in parts of Asia, especially, Australia, Singapore, South Africa, and we are seeing some traction for deal renewals in that market as well in those countries.

Viju George And in terms of deal win rates, if you are winning $5 billion it means that your win rate must be 25%, because I am presuming that you chase $20 billion per year. If you need to be winning more deals, does it mean your win rates have to keep increasing in terms of on a larger base to keep the engine going?

Anant Gupta First, I do not think that the entire $5 billion is Infrastructure Services, so it is across the board, both Application and Infrastructure rebid markets, but yes, from a perspective of what we need to book, I think it is more of the quality of the kind of deals we will go after, and then therefore have that higher win rates in those specific areas.

Moderator Thank you. Our next Question is from Pankaj Kapoor of Standard Chartered Securities. Please go ahead.

Pankaj Kapoor Just want to get that… we have been seeing the Infrastructure Services growth has come down over the last couple of quarters. So it is fair to read that it is coming in because of the deal profile getting distributed now, we are pursuing less of the IMS-centric kid of a deal, is it a fair assumption? That is my first question.

Ajit Kumar Pankaj, in terms of Infrastructure Services, as I mentioned earlier, and we have also said this historically, some of the large and complex deals that we sign, their conversion into revenues takes a little longer time and that is what you are really seeing in the numbers. Overall, I think it continues to remain very robust, we are very confident of the pipeline and our win rates. So, we believe the momentum continues to be very strong and what you are seeing is primarily due to the complexity of some of the large deals that we signed in the last two quarters and some of the complex long-term transformation programs are upfront in these deals, and that is what you are seeing in the numbers.

Pankaj Kapoor So, is it fair to assume then that the growth in the IMS piece could come back to 7% or 8% kind of a sequential growth which we have been doing say a few quarters back?

Ajit Kumar I would not put a number to it, but we are fairly positive that historic trend in IMS would continue.

Pankaj Kapoor Sir, second question is on the pipeline, if you can give some qualitative color in terms of how the profile of the pipeline as well as the deal win that we have done in the last maybe a couple of quarters have changed? I believe we had 2 mega deals. So if you can give some sense of that in terms of either a combined TCV or in terms of the duration of these deals, and are they any different in terms of the margin profile from the deals that we have signed in the past?

Ajit Kumar So, the couple of mega deals that we won as we earlier mentioned one was for a very large Financial Services firm in Norway, this is end-to-end infrastructure and application integrated deal and it comes with a significant amount of transformation of the current data centre and the end user landscape which includes infrastructure and applications. So, this has this big complex transformation program built upfront, and the mega deals as we said are all greater then $300 million in size. So, this is similar or even larger deals in US is again transforming the entire global data centre landscape of a Fortune 50 companies, which also comes with a significant transformation, and then it continues into ongoing operations. In terms of margin profiles, I think it is very similar to our current margin profiles.

Moderator Our next question is form Nitin Mohta of Macquarie. Please go ahead.

Nitin Mohta I had two questions. First one was on the Engineering and R&D Services. In your prepared remarks you talked about a huge opportunity there. Just tying that with the margins which are trending above our target range, so any plans to aggressively push here and should we be prepared for say 200 to 300 basis points kind of a margin fall in FY15 versus where we ended FY14?

Anant Gupta Let me you give a contour of the deals first. Yes, these deals were not just be pure offshore-centric deals and will not be a component which historically used to be more like a task-based outsourcing. So, these will be end-to-end which means they will have onshore components, they will have offshore components, they will have design architect build and support kind of a construct and not just the lower end of the Engineering and R&D Services. These deals would entail having significant investment in labs, where we as a company have our skin in the game with respect to investments in technology assets for the purpose of lab and testing and so on. Because as customers look at moving from a task-based approach to more of an end-to-end outsourcing construct, they will be looking at an end-to-end proposition from the service provider. So, that is the market we believe would accelerate the huge potential in there. So it is quite similar to the infrastructure management play if you recall right in the initial periods we were all talking about just the task-based offshore-centric work, but the question really is if one wants to increase the addressability of the market to be more significant, then I think we will have to play in a much larger end-to-end skin in the game kind of an approach and that is what we are taking it in Engineering Services. Yes, I think there will be significant investments going in as we speak into the next few quarters or into the fiscal year as well.

Nitin Mohta Any quantification for FY15 versus where we ended at FY14, that would be kind of helpful?

Anant Gupta Unfortunately, we do not throw any more guidance and go deeper into each one of our business lines. They are sensitive to what we do in those specific areas.

Nitin Mohta If I can ask a second question, again one of the slides which indicated market trends talked about 57% of your RTB engagements considering price or pricing structure as one of the issues. So, any undue pressure that you have seen in any of the verticals or service lines?

Anant Gupta No, this reference was more from to my previous commentaries as well in previous quarters or years. It is really around the business case. Customers are looking at what is the business case of doing that. So, that is the relevance of the specific element as to what is the business case of doing some services. So when it was in Gen 1, when you move to Gen 2, are we continuing with the same commercial construct or productivity or unit-based pricing. Coming to your second part, I do not see any change in the pricing regime. Customers continue to look at overall business case when they are looking at making a shift from when they are renewing and actually, so because, what historically would have been signed 5 years, 7 years back would be an extremely different productivity and technology paradigm and the productivity and other tools and other accelerators available today would offer much different commercial construct. So, yes, customers will continue to look at business case, but it is not really a unit rate kind of a debate when you go into the marketplace.

Moderator Our next question is from Mukul Garg from Societe Generale. Please go ahead.

Mukul Garg So, Anant I have basically two questions. The first one is on the order booking which is happening, it has improved quite significantly in this quarter. Also, was basically looking for a qualitative commentary on how we should see it, the 5 billion order inflows which happened in this year, how much of that should be more of a longer term growth contribution and how much will be required to maintain the current revenue?

Anant Gupta From an overall perspective, the booking has been quite well spread across the five umbrella service offerings that I shared, which is Infrastructure continues to contribute a good booking in there. Like I said, Engineering Outsourcing, we have concluded a couple of deals in the construct I was just mentioning. I believe there could be industry pioneering engagements. If you look at ALT ASM again, there is significant wins, I can give you some color. We see huge consolidation of Application Management which was being done by 3 or 4 different vendors Indian and global getting consolidated. Again, when you are looking at movement of Gen 2, Gen 2 applies as much to infrastructure as much as it does to Application Services, and therefore we see a good traction in ALT ASM as well. DSI is more of, I would say it does not contribute to a significant volume in booking, but they are significant from a transformational value. DSI is a new trend; something we believe in the medium term would grow for us. We signed 3 deals in the first half of this calendar year or in the last 2 quarters. So, I am quite happy with the progress over there. That to me is potentially the next big service offering of the future as we see the shift in Application Services moving to as-a-service models.

Mukul Garg And as a follow-up, if you want to give a color quantitatively, how much of the new order booking will be for near-term consumption and how much will be potential for longer-term improvement in the growth in a year, you will get definitely get good amount of revenues from a near-term deal which will not contribute to the order book, so, any indication of how we should see it going forward order booking?

Anant Gupta I would not have a breakup, but I can just give you an indication that a large portion of this $5 billion dollars will be in deals which are averaging a 4-year contract period. That is the way to look at it. I do not know if it helps much, but obviously there will be deals of 3 and some at 6, but like, you can take it from an average it will be roughly about 4-year profile.

Mukul Garg The second question was, your Public Service division has been doing quite well. Any indications specifically towards the government's portion of that, you got 2 deals this quarter -- one from US states and one from UK government -- how much of the contribution that is giving towards Public Service? And second, will that government deals normally come at lower margin profile, so, how should we see that?

Anant Gupta Good question. So, actually let me clarify – Public Services does not mean public sector, we have kind of bucketed all verticals where we believe which public or a consumer at large would get from the organization. So, for us it includes Oil, Gas, Utilities, Logistics, Travel, Tourism and Hospitality, and of course, state, local government. Majority of the growth, while there have been a couple of deals singed in the government, one of them is path-breaking which is the consortium, apportionally we are doing for the four states over there, but I would say majority of the growth in that bucket is coming from not the state and local government, it is coming majority from Logistics, Oil & Gas and Utilities. And they are of similar margin profile as any of other deals. And this applies even to the government deal as well.

Moderato Thank you. Our question is from Ankur Rudra of CLSA. Please go ahead.

Ankur Rudra The first question is on the G&A consolidation Anil you mentioned. Could you give me a sense operationally, how much more seat consolidation can you do?

Anil Chanana So, last year we did something like 8,000 seats, this year we are planning in excess of 10,000 seats. So, as I said, this is extra exercise, Ankur, but at the same time we will be expanding our footprint in terms of GDCs, so we will be creating sort of extra capacity there.

Ankur Rudra 10,000 seats of India-based consolidation?

Anil Chanana Yes, India based.

Ankur Rudra Second question, Anant, if you can help me understand clearly, you have evangelized and become the leading player in Infrastructure, but at this scale you are close to $1.8 billion to $2 billion in size, does it become tougher to maintain 30% plus growth rate here, effectively you need to add between half a billion to three-quarters of a billion of dollars in revenues, which means I think if you multiply that by 4 in terms of deal wins every year we need to add between $3 to $4 billion in deals every year. Is the market that big really for you? I am trying to reiterate the question asked earlier.

Anant Gupta So, I also keep giving the same challenge to my team. So, if we try to get a 35% growth, I think, that is super exceptional, all right. I do not think one should use that as the yardstick compared. However, having said that, I think the addressable market is there. Whether we will go after that entire market is the question. Like I have always said, we will go very selective in that market, where we would like to play. So, we have clearly defined 'our bid, no bid' criteria, it is not now we have defined it, for a very-very long time and that discipline we will continue. So, the moment I said out of that 58 billion, the addressable space we will go after is only $20 billion. So that defines the market space we will play in. What we would do however is there will be a finite amount of new bids and new engagement that we will go. At the same time, there is an increasing play within our existing accounts which will increase. I did mention about a large player on the entire Information Security and Global Risk and Compliance. I do believe that that is a space where we can expand further. So I think we will be looking at additional plays like that to smartly increase our adjacencies within that same portfolio. We were pioneers in the "Security Landscape" when internet came to India in the late 90s. From there, we obviously included that as part of ITO bundle, but as we see going forward, we believe with the internet of things M2M and various other trends, and the digital trend and the SaaS trend, we do believe that there is a play for HCL especially with the leadership position we have over there to actually sell some of these Independent Services. So, we will add services like these to increase our addressable play in the market to kind of see how much we can try to drive towards those past historical exceptionally good performing growth rates in infrastructure.

Ankur Rudra You mentioned, Vijay that your deal sizes are increasing in Infrastructure, would that imply longer transition time and hence maybe slower ramps in the short term?

C Vijayakumar Yes to some extent, it really depends on the nature of the deal.

Anant Gupta Absolutely correct. To the point which Vijay was mentioning earlier that one of the reasons why we do not look at on a Q-on-Q, large complex deals – to the question on the bank, I am sorry, Vijay, for jumping in. The very large deal in Norway for example, you are transforming the entire bank, this is the largest bank in the country, right, you are taking about the network, the data center, the end user, the reason I am sharing it is because it is already publicly released. It is the significant amount of transformation that will go in as you also do the right shoring, right operational construct. So, yes, deals like that the ramp up periods will be lot more than the traditional deals which were averaging around 6 to 8 months.

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

Sandeep Shah Sir, the first question is in terms of the dividend. My question is why we term it as a special dividend? So one should read that there could be some nonrecurring nature may not be on a Q-n-Q basis I am asking on annual basis in terms of a payout ratio.

Anil Chanana So, Sandeep, this is coming in the first month of the New Year. Naturally, it is not an interim, so, it is more of an interim, and it may be more legally I would call it, but it is more of a special dividend, which goes back to the last year. I am calling it more as a dividend relating to FY14. So the payout ratio therefore I have calculated at 28% is with reference to that, including that amount.

Sandeep Shah But, Anil. Is it fair to say that now you have a consistency improvement in FCF generation, so this payout ratio is a likely scenario to continue going forward?

Anil Chanana I think so there is nothing which is I would see in the negative, I could call it.

Sandeep Shah Second, I think the BPO margin looks like it has moved up on a EBIT level from 5% to 12% in this quarter. Is there any non-recurring nature regarding this?

Anil Chanana There has been some project-related work which has sort of flowed into the profit, but I think if you look at on a Year-on-Year basis, BPO has grown by 20%.

Sandeep Shah So, this double-digit kind of a EBIT level, we can maintain going forward?

Ajit Kumar I would say that look, as Anil mentioned yes, it will be higher than it has in the past.

Sandeep Shah Just the last question, Anant you said that for the ALT ASM as well as Application, the pattern in terms of order book to revenue is almost similar to IMS. But if I am not wrong, for the last 3 to 4 quarters, we have been mentioning that 50% or more than that the TCV also includes non-IMS deals. So, is it that there is some amount of delay in terms of ramp up of non-IMS revenues, or you believe that no FY15 could be one of the better years Vs FY14 on the non-IMS excluding BPO?

Anant Gupta One thing to remember, the Application portfolio has two parts -- one is the Project-related Services and then one is the recurring Application Management Services, right? So, some of the ramp-up which is converting to revenues also fulfilling the closure of project-based services which is happening on a continuous basis, right. You need to look at it together. So, it is one part of that business which follows the trajectory of the non-IMS portion. Engineering also would follow the similar format.

Moderator We will take the next question from Dipesh Mehta of SBI CAP Securities. Please go ahead.

Dipesh Mehta I just want to understand nature and sustainability of BPO growth rate this quarter as well as the profitability, if you can help us in which area and how we see that going forward?

Rahul Singh Yes Dipesh, this is Rahul. So, I think it is more appropriate to look at the full year growth rate for the BPO business. We grew about 21% on a full year basis and I think at this point of time, because we have a very focused strategy that appears to be sustainable. And the profitability has been on improving trend. So if you look at the full profitability for the full year last year, I think it was higher than the previous year, and that trend should continue next year as well.

Dipesh Mehta Should we expect to be growing at company average or maybe better than company average considering the base going into FY15?

Rahul Singh Business is very small in size as compared to the rest of the company. It is difficult to give guidance on this matter, but we hope to be at least better than the average for the company, yes.

Dipesh Mehta If I see your Managed Services fixed price has grown significantly. So, can you help us what implication it would have maybe to revenue and margin at onsite, offshore, because, we are not disclosing onsite-offshore ratio nowadays. So, if you can provide that data point maybe at one offline of event to help understand how the overall business mix is shaping up those metrics?

Anant Gupta The Managed Services was about 50-50 till about 2 years back, moved up to more like 52 in the area of fixed price last year which is now more like 56% of the portfolio in fiscal 2014. That is actually one of the key drivers for non-linearity for us, right, which allows us therefore to drive more automation, right shoring, whatever we need to do to deliver. And as we see more contracts move into Gen 2 model, the possibility to run it really is dependent on us and not so much on the customer as long as we deliver the outcome. Therefore, it will be lesser dependent on the number of people deployed, the levels of people deployed, the locations where they are deployed, whether it is onshore, near shore or offshore, actually, it is left to us and therefore, depending on different lines of service and their maturities, we obviously go after it more aggressively or less aggressively in that journey. So I do not think we will be able to give you a color as to where it ends and what is the impact of that, but if you look at the revenue per employee within HCL today, that is a little over $61,000 or $62,000 per employee which is significantly higher than the industry average. And one reason is, is non-linearity and the FPP/Managed Services construct.

Dipesh Mehta I was more looking towards what would be your offshore mix as a percentage?

Anant Gupta Sorry, we do not track it at all, because this has been irrelevant for the last 2 to 3 years.

Moderator Our next question is from Yogesh Agarwal of HSBC. Please go ahead.

Yogesh Agarwal I just have one question. Anant, if I am correct, large number of deal wins in Infra for you started around FY08 and FY09 timeframe. So, I am sure after 4 to 5 years, now you are also going through the rebid process. I think you mentioned earlier that the churn rate is around 35% for overall market and only 2% for you. But, I just want to get a sense on pricing that, when you go through the rebid process for the existing deals, is there a compromise you will have to do in pricing in terms of higher discounts from what you did over the past 4 to 5 years?

Anant Gupta I do not think it is really an issue of discount, it will be more of in that 5 years, if we have not been able to optimize and put new innovative methods of delivery, then anyway we would be churned out, right. And I do not think one can hold on pricing as a reason, but it will more around innovation and thought leadership one would have built during the journey. So, I think what happens is that when we run operations, whether it is Application, whether it is Infrastructure or even if it is BPO, if you run the same operations for the same customer over long periods of time, one obviously gets a better insight to what works, what does not work, what are the areas of improvement, what are the potential areas to kill the work load, what one can do faster and obviously improve productivity of people and also drive automations. I think these are the things which come into to play and we will naturally have to build them into the journey proactively or in cases where we are unable to do it, then provide that option to the customer around the time when you are getting into a renewal which will drive the reason why they will be with us. So, it is never a straight jacketed commercial discount. I hope you understand what I am saying.

Moderator Our next question is form Omkar Hadkar of Edelweiss. Please go ahead.

Sandeep Sandeep here. Sir, I have couple of questions here, one from Anant and I will follow-up. First question is that, on the Financial Services, we have some significant traction in the last full year. So, what is basically primarily driving that growth and how you see it going forward? Also, second thing which I have is on the Retail and CPG side. We do not see significant traction there in spite of digital taking up significant form. So, what is your view on that segment?

Anant Gupta I let Rahul can take the first one and then maybe Ajit can the question on CPG.

Rahul Singh Financial Services we have seen a growth of upwards of 20% plus last year, and this is driven by two things as I mentioned earlier in the commentary, number one is a larger amount of cross-sell to our existing accounts, so we do have a set of accounts and we are looking at selling more products in there, so the whole suite of products – BPO, Infrastructure, etc. – into existing accounts. And also, we have had large wins into new accounts in the last two years where ramp ups have started happening now. I think a combination of that is enabling us to get to this kind of growth rate. Both of these is happening because of the way we are selling, I think, overall more focused on Managed Services Constructs Gen-2 kind of outsourcing, taking on more responsibility outcome basis in terms of the way build a proposition, and also a very focused proposition-based approach. So, we are working in defining more clearly what we are selling in terms of propositions and targeting that into accounts. So, it is a combination of these three-four things, as I explained, more cross-sell proposition-based approach and some new wins.

Ajit Kumar: On the Retail and CPG side, there is definitely traction around digitization, particularly as it pertains to the retail industry, but as Anant said that basically these are initial moves that customers are making, they are project-based business, so they tend to be a little lumpy, and moreover these projects are generally taken on an incremental basis, and today's technology does allow you to do this building on an incremental basis. So, I think, the whole digital is systems integration space should be seen as the area where customers are spending money, we need to be part of it, that is the area where innovations is being driven, it will take a little more of time to actually reflect in the numbers, and the numbers are going to be driven to some extent by the Annuity businesses that we have, as well as the more established "change the business" propositions such as large scale SAP transformation.

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

Nitin Padmanabhan: Anant, I had a question similar to the earlier one in terms of 2008 kind of a deal coming up for renewal. Just wanted to understand in this, how should we look at growth for the whole business, because if we look at IMS deals over a period of time, total TCVs actually come down unless there is more incremental scope that is added to it. Is that a fair understanding? Second thing is, is that some sort of a reason that one should attribute for the relatively lower growth in IMS for the last two quarters relatively versus what we saw earlier or is it just purely because of ramp-ups being pushed out because of the increased complexity of deal?

Anant Gupta: Your observation that whether the renewals or the renewals reduction in scope is impacting the last two quarters performance? The answer to that is absolutely 'no'. So there is no linkage of that. However, what you say in your point one which is when deals traverse through the journey of the contract would potentially come down in scope. Answer is potentially 'yes' in some cases, depending on how we take on that. At the end of the day if let us say we are driving obsolescence in terms of the work load, then it is our job to reduce the workload that we deliver to the customer in that, that is an ongoing process. So it is not just towards the end of the term, but Year-on-Year, we do deliver those benefits to the customer. So let us say if we are doing virtualization, then we would virtualize it over the period, it is not going to happen towards the end of the term. So wherever one has transformational agenda as part of operations, one will drive reduction in the volume of work that one does to make the environment more efficient. The question is how is that shed from a risk/reward perspective. And there are different methods in which we would contract in into. So that is the item on the first one. How about having done a good job at reducing the workload for customers? Obviously, customers then tend to increase the scope of addressability in there. So in some cases if it was an end-to-end deal, only for the Americas as geography and potentially we get the European piece as well, that could be one approach of incremental scope. Or the additional scope we do the infrastructure management well and then we get the application operations portion of that scope as well. So I think there are multiple ways in which the team strives to retain the value and significance with the customer.

Nitin Padmanabhan: There is always a part of the business in terms of let us say wherein you have a project-based revenues, wherein the relative visibility from an outsider is very difficult to get but if you look at this year your total wins in terms of TCV is definitely much better. So, looking at this, I think one of the slides which basically show that Gartner estimates this year's revenue growth to be better that should be a similar assumption we should hold for HCL Tech as well?

Anant Gupta: So you are saying our revenue growth should be better? Sorry, I do not understand.

Nitin Padmanabhan: What I was pointing at is should we assume that is it a fair understanding that this year's revenue growth should ideally be better than the previous year? I ask this because there will always be some sort of replenishment required within the business which we would not know as outsiders. So if you could just give us that comfort that will be very helpful?

Anant Gupta: I think the market is there, our proposition is there, and from a strategy and go-to-market perspective we are definitely striving to get better growths.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the floor back to Mr. Anant Gupta for closing comments.

Anant Gupta: So Ladies and Gentlemen, thank you very much for joining our fourth quarter and annual results and I hope we have been able to answer your questions, if not, I guess they are refer to the team subsequently, and I look forward to your participation in the next quarter results, thank you.

Moderator: Thank you. Ladies and Gentlemen, on behalf of HCL Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.