# "L&T Technology Services Limited Second Quarter Fiscal 2017 Earnings Conference Call"

**November 10, 2016**

**MANAGEMENT: DR. KESHAB PANDA – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**
**MR. P. RAMAKRISHNAN – CHIEF FINANCIAL OFFICER**

**Moderator:** Ladies and Gentlemen, a very good evening and Welcome to the L&T Technology Services Limited Earnings Conference Call for Second Quarter Fiscal 2017. We have with us today from the management, Dr. Keshab Panda – CEO and Managing Director and Mr. P. Ramakrishnan – Chief Financial Officer.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Keshab Panda. Thank you and over to you, sir.

**Keshab Panda:** Thank you, Zaid. Good evening to all of you. It is a pleasure to have you on our first earning call as a public limited company.

The quarter ended in September 2016 has been a positive one. Revenue growth, quarter-on-quarter was 3.2% in constant currency terms. The operating margin increased 27.5% year-on-year while the net profit rose 19.7% year-on-year. We signed several multi-million dollar contracts in the segment of hi-tech, transportation and industrial product. And our relationship with many of the Fortune 500 customers scaled up. We were rated as established and expansive leader in the IoT services by engineering consulting firm called Zinnov. L&TTS was rated at the leadership category in product development and engineering and sensor and device engineering for IoT services which came in very recent report. We are also creating smart product and services and we partnered with Microsoft and we recently gave a press release as well and Dell and Redknee and we are very excited about this partnership.

We have IoT platform, our own platform called Industrial IoT Platform is trademarked by L&TTS. And we are expanding on that platform. We also have a platform called iBEMS, this is for smart building management and have partnership with Intel, Cisco, and we believe that it is a great opportunity for us in the future.

We are building thought leadership in the industry by joining hands with leading institutions. Like we signed with Indian Institute of Science, we do on power electronics side we signed on nanotechnology as well, so we believe the future technology in terms of IoT and these academic institutes working with them, the availability of labs what we have, that is a great progress we have made from our side. This quarter we created lab on artificial intelligence and machine learning side, we believe that from a technology point of view that is going to be very, very useful for us in the future.

During the quarter, we also strengthened our patent portfolio. Today we have 174 patents and three patents we added during the quarter. Out of 174 patents we own 37, which are our own patents and that is a great moment. The innovation engine which I have been talking about always is working reasonably well and we will continue to progress on the patent filing.

While, North America and Europe continue to be our biggest revenue contributors, the domestic market too is offering us reasonable potential growth, but only thing is we are focusing on domestic market for global customer at this time. We are very selective about the domestic market in terms of which segment we are going to take, and there is still I think lot more opportunity domestic market has got.

We managed well on the resource management. Our attrition level is 14.6%, below the industry average. And our utilization has gone up to 78.4% from last quarter. There is increase in utilization as well. Our key verticals, transportation and telecom and hi-tech did well during the period and will continue to grow as well. With revenue of transportation going to 18.3% and IP up 6.8% on the year, I am confident of succeeding quarters as the digital engineering base picks pace globally.

Let me tell you some of the initiatives we have taken in terms of our investment in technology. We have 31 labs now, we continue to build on labs, and we continue to invest on these new technologies. And our revenue in terms of digital revenue has grown 12.7% to 14% or so and that will continue to grow. We are looking at the M&A which I take very seriously and we have today presented the board about M&A we are going to do from the new technologies which is going to help our T-30 A3 which I talk about always. Our strategy about T-30A3 is going to help us to grow our revenue in this customer.

Let me ask P. Ramakrishnan, our Chief Financial Officer to take you through our financials. Thank you again.

**P. Ramakrishnan:** Thank you, Dr. Panda. Good evening to all. Just I will take off from what Dr. Panda was talking about in terms of financial numbers. As you would have observed from the earnings fact sheet and also our advertisement, our Q2 revenue from operations was Rs. 8,227 million, as against Rs. 8,029 million of the previous quarter. And when compared on a YoY basis, the Q2FY16 numbers was Rs. 7,716 million. So from a rupee perspective QoQ we have grown 2.5% on QoQ and YoY it is 6.6%. In dollar terms we have grown 2.3% QoQ and 3.5% YoY. And in constant currency dollar terms we have grown - 3.2% QoQ over the previous quarter.

Now coming back to the other part of operations, besides revenue. The other income for the quarter was roughly around Rs. 149 million as against Rs. 231 million. The drop is essentially on account of lower foreign exchange gains on account of cancellation of contracts - partly attributed to the rupee appreciation during the quarter.

In terms of our EBITDA margin improvement, in Q1 of the current year our EBITDA margin was 18.6%. We have seen an improvement to around 19% and that improvement is driven largely by operational metrics of better utilization and a little amount of improvement in margins is because of IP lead related revenues.

Coming to employee benefits cost, we have seen two elements of employee costs which have come this quarter, and one is the recurring which is the normal payroll increase which we do. And second is the ESOP cost of the stock option which has been granted, which will be recurring over the next four to five years across the quarters. Despite these two elements, we have been able to manage the EBITDA improvement, so that is one important point I wanted to convey.

Now coming to profit after tax. Our PAT continues to be around 13.5% of revenues, so that is also one thing where we have seen an improvement. Our Q2 PAT is Rs. 1,119 million as against Rs. 1,080 million for the previous quarter. And when compared to the Q2 of the earlier year, that is Rs. 935 million, our PAT has grown roughly by 20%. And on a QoQ basis we have grown 3.5% of PAT.

Now coming back to the other operational metrics. From a segment perspective, the two segments where we have seen a sequential quarter growth are - transportation and telecom. Industrial products has more or less remained stagnant when compared to the previous quarter. Process industry did see a little amount of growth during the quarter.

In terms of revenue by geography, as we have been always seeing roughly around 60% plus of our revenue continues from the North America and Europe continues the same share of around 20%. India has seen a slight increase of around 7% this quarter and the rest of the world is around 10%, aggregating to 100.

Now from a revenue mix perspective, we have been always around 51 onsite and 49 offshore kind of revenue mix. This time for Q2 we are seeing a slight improvement in the offshore, so on our onsite offshore mix will be around 48% to 52%. But I guess this is something which is happening this quarter; we expect to see coming back to 50:50 levels in the subsequent quarters.

Now coming to the type of contracts what we have. Roughly around 31% of our contracts are by fixed price and 69% of our contracts are in terms of time and material. And the board today, after approving the accounts has also decided to take an interim dividend of Rs. 3 per share.

Now the improvement of profitability as Dr. Panda also mentioned is because of the improvement in utilization. Our blended utilization for the period ended September was around 78% as against June which was roughly around 76%. This when you compare with the Q2 of previous year was roughly around 69%.

In terms of total headcount, the September total headcount we are roughly around 9,600 by employees out of which 8,700-odd are billable engineers. This when compared to the June period end was roughly around 9,420, the total headcount. So there is also net increase in the headcount. The attrition rates for the quarter is in the order of around 13.8% to 14%.

The exchange rate whichever we have used in terms of reported revenue and dollars, it is a period average exchange rate and that's what has been used while we gave you the dollar numbers.

So with this, I am through with the discussion. And now we are okay for taking questions from the community. Thank you.

**Moderator:** Thank you, sir. Ladies and Gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of Pankaj Kapoor from JM Financials. Please proceed.

**Pankaj Kapoor:** My first question is on the margin which we managed very well this quarter. So can you just run through margin, what contributed how much to the margins improvement?

**Keshab Panda:** I think the operational improvement; we talked about two components I would say. Number one is our utilization of 76% to 78%, that contributed. And also, IP led revenue, we have increased the IP led revenue that has also helped. If you see onsite-offshore ratio, we have there is 48:52 which was beneficial as well. So I think onsite offshore ratio. Then number two is IP led. The third one is our utilization improvement to 78%. I think these three components helped us to improve the margins.

**Pankaj Kapoor:** And given that we are talking about onsite to revert back to that 50% - 51% kind of a level, any sense you have or you can give in terms of the full year margin where you see the sustainable band could come in?

**Keshab Panda:** I think you can look at that. When you do engineering services, technology services beyond 78.5%, this is something disaster. I would not go full stream to increase improvement in the utilization, that is something we will not do. But there are other opportunities whatever we have in terms of the pyramid and we look at the IP led revenue which we did and how we do that. There are levers available to us for improvement and what that is going to be moving forward that is something we have to make an assessment.

**Pankaj Kapoor:** So Sir, is it fair to assume that we should be able to hold on to a 19% kind of a level going forward or you think that for the full year it could tend closer to maybe say 18% odd rather than upward of that?

**Keshab Panda:** One thing what P. Ramakrishnan said. If you look at it the 19% EBITDA we delivered in spite of increase in our salary and ESOP cost, that again first time the ESOP cost you had taken into account, in spite of that we delivered this. We assume 19% is something reasonable to do, that is at least a minimum level, that is something we should do it. We can sustain that I would say.

**Pankaj Kapoor:** And second Dr. Panda, any sense in terms of the TCV of the deal wins that we would have signed this quarter?

**Keshab Panda:** I think you understand, Pankaj, the engineering community contract and how we work. There are multiple contracts we sign now, and there are either the renewal or the new contract. So new contract, when you sign it takes nine months to 12 months to sign the contract, and only thing is we do not give any guidelines on what is the value of the contract. But one thing is for sure, these nine months or 12 months we sign multiple contracts on this and it takes time to scale up and we are making assessment about what is that going to be this quarter, next quarter, next year and so on. But one thing we are always bullish about while signing these contracts is this is an asset we created not only for a quarter but years, that is what we are excited about.

**Pankaj Kapoor:** So sir, next quarter because of the furloughs and also should be seasonally a bit soft, is that a right assessment or you think that because of these contracts coming in and maybe ramping up we can do away with that seasonality?

**Keshab Panda:** Usually we know that, sometimes what happens is in third quarter customers shut down their factories, they shut down their office for two weeks, 10 days to 12 days to 15 days. So far we are making an assessment right now, is that going to happen, is it one week, is it two week and what is that impact going to be, we have a process of estimating that. I would think by end of November I would have a little clarity on what is that impact going to be in this quarter. But one thing I can tell you, we are very bullish about quarter four. Whatever we did quarter four should look reasonably good, that is where we are.

**Pankaj Kapoor:** And sir, any number you can put on the IP revenues that we had in the quarter?

**Keshab Panda:** I think this quarter we did 2 million and we believe this is something as an engineering company that sales itself is a different game altogether, we are figuring our right now. I would think the team did reasonably well in terms of quarterly 2 million revenue I think we did reasonably well. And that goes to help us in margin as well. So I think we are again very aggressively looking at coming quarters, whether third quarter or fourth quarter or beyond that is something we are going to focus on. We have to at least understand how to handle that well.

**Pankaj Kapoor:** And just to get a perspective on this number, so previous quarter that is first quarter we had a similar number or was it much lower?

**Keshab Panda:** In terms of IP revenue?

**Pankaj Kapoor:** Yes.

**Keshab Panda:** It is less than that.

**Pankaj Kapoor:** And you mentioned in the opening comment of having made a presentation to the board on M&A opportunities. So this is any specific opportunity on which we are working on? And if so, can you give some sense in which space, what size that we are looking at?

**Keshab Panda:** I think one thing is very clear, right from beginning I am saying I am not going to acquire a company to hit 1 billion quickly, that is not the intent. Getting additional revenue is not the intent. We are looking at acquiring the companies, like T30A3 we talk about, my top accounts can I get a competency from this which is going to help me to grow. So what I presented, there is a process we have gone through, identified few companies, possible candidates and filtered it through. And I presented the board today about the possibility of these companies. At least we are going to start the clock now; we have been discussing that now. We have gone through which are the gap areas. If you look at overall point, we are multi vertical, multi geography. And one thing is quite clear, for geographical entry we are not going to acquire a company, that is clear. We are not going to acquire a company which is going to be additional revenue we are going to get to reach 1 billion quickly, that is not intended. And if you can make an assessment yourself and you look at technology companies the sizes are anywhere between 25 million, 30 million, 50 million and so on, I think in that range. That is what we are looking at right now.

**Pankaj Kapoor:** So is there anything which is in the near term we are looking at closing or this is more of our intent at this point of time?

**Keshab Panda:** Not intent, actually we have progressed reasonably well. And I would think next quarter when I do it, unless I get any surprises when I get into that to these candidates I do not think this is… we are not talking in the conceptual phase, it is a reality and we have been discussing them morally.

**Pankaj Kapoor:** And sir lastly on the dividend policy, any thoughts which you can share?

**P. Ramakrishnan:** Pankaj, as we have told, we have declared a dividend of Rs. 3 per share. The company's dividend policy will be declared soon. It could not get discussed in today's meeting but maybe in the next board meeting we will be finalizing the dividend policy.

**Moderator:** Thank you. Our next question is from the line of Priyankar Sarkar from Motilal Oswal Asset Management. Please proceed.

**Priyankar Sarkar:** Sir, I had a couple of questions, especially on the process industry. So on a YoY as well as on a QoQ it has declined. So if you can throw some light on that part please? And second question is relating to attrition, why has the attrition been inching up, although it is lower than the industry I believe but is there anything specific to this company, why it has been inching up?

**Keshab Panda:** On the process industry American election play role, now Donald Trump coming to power and whole world was watching what really could happen. And process industry is something; either you build a plan for… there are two components, Greenfield and Brownfield right, and then the technology smart plan, design and so on. CAPEX Investment for a process industry or expansion for existing factory, I think this plays a role. I would say some part it plays role, the American election as well. So I think overall point of view is scaling up. You see, major customers we have in this segment, they are either European or in US. And these guys are not in one geography unlike many other product engineering, they are spread across 55 countries, 30 countries and 20 countries and so on. I would think this is more maybe quarter or two quarters, this is what it is. But we are very bullish; this is a segment that is our major differentiator. There are multiple exciting things we do for customer and this is going to grow in the future.

And on the attrition you asked about, attrition is something when you look at it, even though we are below average, when you look at attrition we are in six locations now. The attrition at say two locations like Baroda and Mysore is very, very low. And again, Bangalore also has come down from last quarter to this quarter, Mumbai also come down from last quarter to this quarter. The attrition is only two parts, these two places and it is less than again quarter-on-quarter it is coming down, it is not going up. There are two components to that, forced attrition and voluntary attrition. And we always consciously ask people to leave if they do not perform well, we are not doing IT, we are doing engineering and we are doing customers in Germany or Europe or US or Japan or Korea, unless you have right engineers, unless you clean that up and have a quality engineers, we will not be able to deliver to customers. So I do not think any specific reason for attrition to be at level we are, we are making every effort to see the attrition come down. And also we are very aggressive in talks with people who do not perform well and get rid of them.

**Priyankar Sarkar:** Sir just one clarification, over here it is written voluntary attrition, so that means the forced attrition is not part of this, right?

**Keshab Panda:** Yes, you are right. That number what you talked about, yes it is not there. And that is usually 2% to 3% more than this number, 2% to 3% of the employees we ask them to leave because of performance issues.

**Priyankar Sarkar:** And sir could you please give the split between the wage hike of onsite and offshore and the impact on the margins?

**P. Ramakrishnan:** The onsite wage hike will be roughly in the order of 1.5% to 2%, offshore wage hike net-net at a blended level in the range of 5%.

**Moderator:** Thank you. Our next question is from the line of Kunal Tayal from Merrill Lynch. Please proceed.

**Kunal Tayal:** I wanted to ask a question around the outlook by various verticals or industry segments. So we have seen that transport and telecom have grown well, based on the pipeline should we expect that these two verticals continue to lead the growth rates? And Keshab, just going back to an earlier discussion, you were quite excited about medical devices as an opportunity. So any comments on the outlook there please?

**Keshab Panda:** I can tell you I am also excited even today on medical devices. Problem is that segment is very conservative segment. I can tell you there are only few companies in medical and that is an area which will continue to grow; there is no doubt about that. But there are few companies in the world who do this and the segment even though now is not grown at the level of transportation and telecom, I still believe that on the yearly basis when you see this is going to grow. And if you see future growth on the segment side, industrial product for example, industrial product is the biggest vertical we have, we believe that is going to grow as well. So I think the only thing is that plant - may take some time, but other segment I think we will do reasonably well.

**Kunal Tayal:** So again going back to your earlier conversation where broadly what was discussed is that the space does offer good opportunity to grow, give or take about 15%. Now I understand that last year there was some loss of momentum based on what happened in energy vertical and also the cleanup of certain accounts you had. But based on what you see in the pipeline, is it sometime soon that we could be hitting that kind of a revenue growth trajectory again?

**Keshab Panda:** Yes, one thing, tail account last time we cleaned, I think you are referring to that. I think we have taken a bold step to do that and then you can see few quarters, if you see revenue last year and if you come now we are in a growth path now, we have come back. And when you do it, tail accounts cleaning its impact remains for some time, it does not go away because you ask a customer we decided to go away and there is some delta revenue which is not available to us. So I would think we are only in the growth path which happened now and we will do our best to grow. I do not comment on the numbers what percentage growth going to be, but I think we are in the growth path and we will continue to grow.

**Kunal Tayal:** A question on the margins. Again, you did a phenomenal job of what you have done on both utilization as well as the onsite mix. I understand that you still have levers in the form of correcting pyramids etc., but is there sort of a target EBITDA margin number you would have in mind where you would think that it positions you very well to sort of balance both investments as well as pertaining to margins on a very consistent basis?

**Keshab Panda:** Kunal, I was talking to Pankaj, this question I was talking about. I think 19% is a reasonable one and I will see, I would maintain anything, beyond that we have to figure it out how well we can do it. And the IP lead revenue what we did, how well we can practice that and how well we can increase that part, and that is something that has to be seen. I am not going to push the team now to increase the utilization, I think we have come to a point and it is going to break down, and it is not going to work out engineering whether I lose people or it will have a negative impact on this. So I think utilization will come to almost optimum point, I would maintain that. And beyond that, as you can see that pyramid has an impact on the margin which we are going to focus on that. In third component, onsite-offshore part, I think many times we have said, even though if I lose revenue I am okay with that but I am not going to compromise on the onsite offshore ratio, I think we will continue to maintain and improve on that. But at the point PR said, I think the number what we have of 48:50 or 50:50 is reasonable number to assume, that is something which will make commitment, we will work on this. But levers available are can you do additionally one model? We do lot of project, product design we do, many companies cannot do it and we should be smart to find out what is where, we can improve on margin by taking those types of projects, the risk reward project. And then what is the complication, liability comes with that and all those aspects linked to that, that is something we started doing it and that might help in the future as well.

**Kunal Tayal:** PR, what should we assume in terms of tax rates for this year?

**P. Ramakrishnan:** That will be around, - 26% total effective tax rate.

**Moderator:** Thank you our next question is from the line of Dipesh Mehta from SBI Cap Securities. Please proceed.

**Dipesh Mehta:** Just want to understand about our top-five, ten, 20 clients. It seems to be more or less flat this quarter, so if you can provide some color about how we expect those top 20 clients to perform for us? Second question is about employee expenses, even though we have salary increase this quarter, absolute number seems to be flat kind of thing. And we have added headcount also. So if you can help us understand. In addition that, ESOP cost I think that is also included there. So if you will provide some detail on there.

**Keshab Panda:** Yes, just one point I would say Dipesh, ESOP cost we have taken in account in EBITDA what we have given you, so that is already part of that.

**Dipesh Mehta:** I did employee benefit expenses including, so first I just want to understand, despite that it remained flat. And last thing is about IP revenue, is there any seasonality where you book large part of your IP revenue in Q2 or there is nothing like that? Thank you.

**P. Ramakrishnan:** I will answer your second question before Dr. Panda attempts to answer the first part. See, the employee cost from a QoQ basis has fairly remained constant. The reason is, in Q1 we take the expense out of the US visa costs, so the amount of US visa cost which got expensed did not reoccur in Q2. In Q2, we had the employee hike cost which I just now mentioned that for onsite it was around 1.6% and offshore it was around 5%. So this increased employee expense because of the increment and the appraisal has offset the savings which has accrued because of absence of visa cost. So the employee benefit cost in Q2 included ESOP and increase in wage hike, but there was no visa charges. So the net impact of all this cancels out each other and that is the reason you find it almost stagnant or in terms of hardly any change.

**Dipesh Mehta:** Can we bifurcate ESOP cost this quarter?

**P. Ramakrishnan:** The cost what we have reported is Rs. 5.4 crores for the quarter.

**Dipesh Mehta:** And how we expect it to come into next two quarter kind of thing?

**P. Ramakrishnan:** The next two quarters will be around Rs. 7.5 crores.

**Keshab Panda:** I think one question you asked about IP, is it a seasonal thing? There is nothing called seasonal in IP. It is not like quarter two you book IP, not in quarter three, quarter four, that is not the case. So it can happen any quarter, any month and only thing is how well we cover this with geography, that is the only difference, there is no quarterly dependent thing.

**Dipesh Mehta:** And last thing about top 20 clients, if you can provide on that?

**Keshab Panda:** I think if you see top customers now, I think if you see now we have 30 million plus customers, we have 20 million plus customer, 10 million and 5 million and 1 million, that is the classification we did. We always look at the customers who are going from 20 million to 30 million or 10 million to 20 million, that customer we always look at it. I think we did reasonably well, the first top 30 customers we created that is one thing very positive. I want to tell you that first customer now we have. And again, we are looking at this top 30, T30 account that is how we look at it. And then finally how many customers have gone from 5 million to 10 million, 1 million to 5 million and then beyond. I think we are progressing in the right direction I would say.

**Moderator:** Thank you. Our next question is from the line of Kawaljeet Saluja from Kotak. Please proceed.

**Kawaljeet Saluja:** Dr. Panda, you mentioned that you are very bullish on the fourth quarter. Can I understand as to what is driving that confidence and bullishness?

**Keshab Panda:** Kamaljit, what happens is the order booking we have, the pipeline we have what we created, that is what gives me confidence that quarter four is going to do well. See, quarter three I cannot predict because I think the customer behavior in this in different geography, customers do not come back to me and tell me today what they are going to do in December, in November and how many days they are going to shut down. See, it is not the question of not having order, we have the orders to be delivered and customer dependency is not there in quarter four, usually that is the confidence it gives me that quarter four will do better than other quarters.

**Kawaljeet Saluja:** Second question that I have is, what would your YoY growth rate will be if we just eliminate the impact of client rationalization exercise that you have undertaken?

**Keshab Panda:** Kawaljeet, I would not comment on that. The only thing I can tell you that we will do our best to grow as fast as possible. The reason I cannot tell, it’s not that I don’t want to tell you, this is quarter three uncertainty what we look at it, we are still making an assessment.

**Kawaljeet Saluja:** No, I am asking for the quarter, I am asking for the second quarter what would your YoY growth rate would be if you exclude the impact of client rationalization exercise? I am not asking for forward-looking numbers.

**Keshab Panda:** Okay, quarter-on-quarter.

**Kawaljeet Saluja:** No, YoY.

**P. Ramakrishnan:** What you are talking is about September 2016 over September 2015?

**Kawaljeet Saluja:** That is right.

**P. Ramakrishnan:** Is it H1 or Q2?

**Kawaljeet Saluja:** No Q2, September 2015-2016 quarter over September 2015 quarter.

**Keshab Panda:** Kawaljeet it is like this, if you take out, I think we discussed in the past about the tail account, if it does impact if you take out and it is around 4% growth I would say.

**Kawaljeet Saluja:** That had a 4% impact on growth rate client rationalization, is that right? So on a dollar term basis what you are saying is that YoY growth rate would have been 7.5%?

**P. Ramakrishnan:** No, not like that. Kawaljeet, I think the way we are talking about last year, our total revenue in dollar terms was roughly around $468 million. And we believe that last year the client rationalization almost affected our revenue by roughly around $17 million. So $17 million if you want me to take exact breakup of Q1, Q2, Q3, Q4, it may not be possible for us to do that Q1, Q2, Q3, and Q4 that way. Frankly speaking, I have to do a guess estimate but I guess if I had to really talk about, it should be around 5.1% is what I can consider, but 5.2% - 5.5%. But I think, no I do not want to do that but only thing is, what I have told you is that last year total revenue what we have not considered is around $17 million, so that actual split, quarter wise spilt I think separately we really need to work it out.

**Kawaljeet Saluja:** Finally, Dr. Panda you would know, I think all of us understand the growth potential of the ARD services business. However, when I look at the performance excluding client rationalization, whichever way, your performance would be modest in FY2017. So when I basically look at more in the medium-term, how should I basically think about the growth potential of L&T Technology Services and what would it really take for you to basically start growing at the rate that you have grown in the past, in case that is an aspiration?

**Keshab Panda:** Of course, what we did in past we should continue to do that, there is no doubt about that. I think I do not have doubt in my mind at least. You know what happens, when you do a tail account clean up or what we did; the impact is not going to go away quickly. If these accounts would have continued to do, those accounts would have few million dollar revenue. So overall point of view, I am still bullish about I think we should continue to come back to that number as soon as possible the growth aspiration what we have, what we did in the past. And I would think the customer base and the pipeline what we have built, there is no reason why we cannot come back to that. Again one thing is very clear, that there are areas where like for example the areas you are getting into more on the auto electronics embedded side, see growth is a number we must focus on, at the same time quality of growth is what I am concerned about, making sure there are cases where we say that this is something which I have not done profitable I will not do it. Earlier I was doing it, anything comes in my way I will take it and do it which I do not do anymore. It will have its impact but overall point of view I think I believe that assets that we are creating that is going to be beneficial for long-term sustaining the growth.

**Moderator:** Thank you. I now hand the conference over to the management for closing comments. Over to you.

**Keshab Panda:** Thank you for joining this call. Again, it is a great moment for us, since the first call we have gone through. And on behalf of my employees I want to thank you all for joining this call. And I can tell you I think some of the differences or assets we create, I am very bullish about this company and the company will continue to do that. Thank you again.

**Moderator:** Thank you very much, members of the management. Ladies and Gentlemen, on behalf of L&T Technologies Limited, that concludes today's conference call. Thank you all for joining us, and you may now disconnect your lines.