"eClerx Services Limited Earnings Call"

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MODERATORS **MR. P. D.MUNDHRA – EXECUTIVE DIRECTOR**
MR. ANJAN MALIK – DIRECTOR
MR. ROHITASH GUPTA – CHIEF FINANCIAL OFFICER

Moderator Ladies and gentlemen, good evening and welcome to the eClerx Services Limited Q3FY2012 Earnings Conference Call. Joining us on the call today from eClerx are Mr. P. D. Mundhra, Executive Director, Mr. Anjan Malik, Director and Mr. Rohitash Gupta, Chief Financial Officer. As a reminder we will be in the listen-only mode and there would be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would like to hand the conference over to Mr. P. D. Mundhra. Thank you and over to you sir.

P. D. Mundhra Thank you Terrance and thank you everyone for joining our Q3 call. I guess you would have received a copy of the earnings presentation, so as usual we will take a few minutes quickly to run through the numbers and sum up the highlights and then leave the rest of the time open for questions. So moving onto the first slide, which has the key financial numbers for the quarter and the year to date – this quarter we had an operating revenue of $25.4 million. For us that is a notable achievement because this is our first quarter as a $100 million run-rate company, something that was a goal for us. For the first 9 months of the year we had a $72 million in revenues which is up about 33% year over year. In rupee terms obviously the growth numbers are higher because of the depreciation of the INR so we are looking more at the dollar numbers. On the margin front at the EBITDA or the operating margin levels again margins were higher because of rupee depreciation. So operating margin for the quarter was 43% and for the 9 months is 39%. Net profit margins are at 35% for the year to date, more or less flat on a year on year basis. Growth was 5% quarter-on-quarter in dollar terms. This quarter the euro was also slightly weak and because we derive a substantial part of our revenues in euros, that affected the dollar growth numbers so if you look at it on a constant currency basis we were up 7% sequentially. Operating margins, as I said earlier, were at 39% for the year to date.

Moving onto slide #2, that has our outstanding hedge position. At the end of December we had an outstanding hedge of about $115 million across the next two financial years using a combination of forwards & options at an average of Rs. 49 or so to a dollar. In terms of the metrics that we started reporting from the last quarter, this total hedge of $115 million represents 4.5 times the previous quarter's revenue. So we are continuing to hedge between 4 and 6 quarters worth of revenue in line with our hedging policy.

On slide #3 we have some excerpts from our balance sheet, so we ended the quarter with just under Rs. 200 crore in cash equivalent to about Rs. 70 a share and in terms of the IPO proceeds it's the same status as in preceding quarters, we have used all the other money except for the acquisition. So we continue to look for opportunities to deploy that money.

Slide #4 has a very quick summary of our P&L. The one point that I would like to make here is that we have re-grouped the numbers this quarter for the purposes of this presentation from how we report it formally to the stock exchanges. So that proportion of our employee cost that we spend on our onsite sales and marketing organization has now been regrouped under selling and distribution cost, which we think more accurately reflects the nature of that investment. So with that change you can see selling and distribution is now about 12% or so of operating revenues. In terms of other aspects of the P&L there has not really been too much of a movement in terms of the general allocation of the portion of different cost.

Slide #5 has the operating margin bridge and to the point that I was making on the previous slide, there has not been a lot of change in some of the other heads. The only major point to note is obviously the weakness of the INR because of which the operating margins were inflated by about 4.5% on a year over year basis. But obviously since the end of the December the rupee has again strengthened so we would expect this to revert in the next quarter.

Slide #6 has some metrics on revenue quality. As you will see there is a trend towards the USD proportion of our revenue increasing but this is sort of because of the weakness of the euro and then getting tremendous amounts of new business only in USD. The big other change obviously is the reduction in debtors which I know has been of some interest over the past couple of quarters. So as of this last quarter end our DSOs were down to 52 days. We think that that is again somewhat of an outlier because of some of the excessive focus that we put into collection in the last quarter but I would hope that that number continues to remain stable in the 60 to 70-day range as has been the longer term average in prior quarters.

Slide #7 has a very big graph showing the comparative growth rates of our top-5 accounts versus the emerging or the non-top-5 accounts. We are very happy to see again that in Q3 our non-top-5 accounts continue to grow faster than our top-5 and this was the second quarter in a row that that has happened. If we can maintain that trend and trajectory then hopefully over some period of time you will see the concentration metric attributable to the top-5 also coming down. Linked with this is the last bullet on the slide where we are continuing to invest in our sales force. Our total onsite organization is now up to 41, which is a very substantial growth rate from the 23-24 that it used to be about a year and half ago. So we think that that is a good investment for us to make and we will continue to ramp up that team.

Slide #8 is the last slide in this presentation which has a couple of quick metrics on the staff-up date. We ended December with 4300 people, so we added a net addition of about 140 people or so in the last quarter. The other notable point is attrition which was very subdued in the third quarter so attrition was down at 26%. We do not know if this is a precursor to softer labor market conditions but I guess we will get more of a confirmation on the trend depending on outcomes in the fourth quarter. And that really is the end of the summary presentation. We have sort of not kept the outlook slide this time because we felt that a lot of those points got covered in the questions anyway. So we preferred to free up that time for Q&A. So with that I will hand back to Terrance to moderate the questions.

Moderator Thank you so much Mr. Mundhra. We will now begin with the question and answer session. We have a first question from the line of Parul Bhatnagar from Economic Times, please go ahead.

Parul Bhatnagar Can you give a brief about the company's hedging position?

P. D. Mundhra Sure, we had an outstanding hedge of $115 million as at the end of December at an average of about Rs. 49 to a dollar and these hedges will mature over the next 18 to 21 months.

Parul Bhatnagar Okay. And this is, it was mentioned in the presentation, 4.5 times of the September quarter revenue.

P. D. Mundhra September quarter revenue, yes, that is right.

Parul Bhatnagar Okay. And sir what are the growth drivers do you feel in the coming quarters, which segment?

Anjan Malik Well we continue to see a lot of interest from our clients in reducing cost in general. So we are seeing many of our large customers continue to have discussions with us about outsourcing things if they would not have considered outsourcing in the past. That is coming from both capital markets and from our SMS business and obviously you need to be SMS businesses to be continuing drive towards online and as you know the online space continues to be very contested. There is a lot of work going on in social media in moving activities to digital formats. All those activities are leading to demand for us so whether it is web analytics, social media, content management, and activities of that nature. So we are seeing some major demand coming from both those trends.

Parul Bhatnagar Okay. But with the global uncertain environment are you seeing any kind of delays in the decision making from the client side?

Anjan Malik I think it is less delays in decision making. Certainly I think there is a lot of uncertainty within our client organizations individually. So for example, certain businesses are getting shut down, certain businesses are merging within our client organizations or within our customer organizations and clearly that leads to great risk for people, guys who would be stakeholders or buyers of our services and that is true across for any vendor. So that uncertainty creates some delays but at the same time what we are seeing is an acceleration towards looking at outsourcing and off-shoring in general because people recognize that in an uncertain time, the only certain way to reduce cost to increase profitability is through outsourcing. So it is the combination of those two things going on at the same time right now.

Parul Bhatnagar Okay. Thank you.

Moderator Thank you. Our next question is from the line of Omkar Hadkar from Edelweiss Securities, please go ahead.

Kunal Sanghvi Yeah hi, this is Kunal Sanghvi. My question is with regards to the demand side. Anjan when you did mention that there is a little bit of uncertainty but net-net when you look at your top-5 accounts and overall in terms of the volume, what it your near-term outlook, say March quarter or June quarter particularly? Do you see the volumes actually tapering slightly on a net basis or do you continue to see overall acceleration of outsourcing?

Anjan Malik You know I think the top-5 guys continue to talk to us about new opportunities. I know there are few of the big of guys they are going to be very last minute in terms of what they do for next year. So we know that they are just sitting down, they are still making planning adjustments for this year. Certain guys have already given us a big pipeline for the remaining 18 months, depending on how organized these guys are and we expect to get more work above and beyond that. I would say that going in this time in the year, there is really a substantial difference in an outlook or substantial difference in the way we see the business shaping out. I think the one thing that is different is that people feel lot less secure about their own jobs. So I think that creates a certain amount of uncertainty in outlook. So you may have a pipeline but if the guy you are working with over the last 6 months gets fired, eventually that leads to delay. So it may not be what I would call an intentional delay. It's an unintentional delay. So I think that phenomenon exists and that risk exists. So I can imagine that could be the reason – so that sort of paralysis may come because of that, because people are scared to do anything at this point.

Kunal Sanghvi Right. So did you witness any such delay during December quarter?

Anjan Malik Yeah I think we have seen a couple of projects like that where we have had stuff in the pipeline and suddenly it stopped because somebody has got fired, but you know, it isn't the first time it has happened. It has happened regularly, it is been happening over the last 3-4 years but we expect more of it to happen this year.

Kunal Sanghvi Okay. Also, is there anything to read from the headcount addition because this quarter's headcount addition seems to be lower among last many-many quarters, so PD, would you like to comment on that?

P. D. Mundhra Sure Kunal. I guess our strategy on staff additions has been to hire as the pipeline converts and there is some flux on that based on utilization, so as you might have noticed this quarter we also had an uptick on utilization to 72% which I would think is the high end of what we can sustainably do. Also we had lower attrition as you can see of 26%. So assuming that that trend stays the same then you can sort of again may be reduce a little bit bench you might need to carry. So there are also those sort of factors that play into net hiring numbers, but I think the addition that you see is more a function of the growth that we had this quarter as opposed to any treatment about the future.

Kunal Sanghvi Okay, because at least from a billable perspective if I look at the utilization that would have touched probably 80%, right.

P. D. Mundhra When you say billable you are dividing billed headcount by normal head services headcount.

Kunal Sanghvi Yes, right.

P. D. Mundhra I think we would be probably something like 72 divided by 86 or so, whatever that number is.

Kunal Sanghvi Okay. Alright thanks a lot and all the best.

Moderator Thank you. Our next question is from the line of Pratik Gandhi from IDBI Capital, please go ahead.

Pratik Gandhi Thanks for taking my question and congratulations to the management for a good set of numbers. I understand that this quarter or probably past couple of quarters we have seen some amount of slowdown in terms of the net headcount and if I see current quarter we have seen the utilization rate also reaching to a peak. My calculation indicates some amount of pricing uptick in past couple of quarters. So have you witnessed any price increases in the past couple of quarters, the realization improvement?

P. D. Mundhra Yeah, so I think on average I would say we get a price increase of low single digits, between 2 and 4% year over year. Some of those coincide with the end of the calendar year because for some clients that is also the end of their fiscal year. So yes, I think on average I think if you compare pricing on a year over year basis it would probably be higher by about on average 2.5-3%.

Pratik Gandhi Okay, fair enough. And secondly I just want to have some commentary in terms of the BFSI client which is nearly 50% of your revenues because some of the larger accounts, larger clients, larger IT companies have started cautious outlook from the BFSI segment. So just wanted to have your comment how do you see in terms of the demand from the BFSI clients?

Anjan Malik As I was speaking on Kunal's question just now, I think there is uncertainty, right and I think there is as I mentioned what I would call career risk because certainly there is consolidation going on. And remember the IT guys, I do not know which divisions you are talking to but the extent which you are talking about the IT guys in the entirety certainly large percentage of the budget will be determined by the discretionary spend and certainly discretionary spend has come in. They are not spending as much as they would be before. I think it is prudent to expect that the combination of the pressure in the marketplace, career risk not just low investment, creates a more subdued demand market. We continue to feel that the opportunity for outsourcing remains very high and I think what is positive in this market is that guys look much more aggressively at offshoring things as they would not in the past have looked at offshoring. And actually more interestingly it is in all the conversation we are having is that people are considering not making captive, something that they would normally have expected to make captives because they feel that the cost benefits, that he gets from outsourcing by putting in the captive is better and also you can get better what we call cost variabalization where you can get the vendor to take transaction volume risk potentially. So those conversations are definitely happening. So we are seeing pipeline and we also see a lot of nervousness and a lot of uncertainty in our customer environment but I would say that if your business is dependent on discretionary spend then there is definitely a downtick.

Pratik Gandhi Sure. But if I understand correctly, I think major portion of our business is non-discretionary, right?

Anjan Malik Certainly the major part of our business is our top-5 customers, for example let us say the top-6 or top-7 we would call strategic customers. By definition we are not discretionary because we are doing very core services because we have multi-business line items with them. And to the point that Kunal made and I think he asked a very leading question which is what demand do we see from our top-5 because that gives me some sense of what the outsourcing market looks like. And I think that is very strong at the moment.

Pratik Gandhi Okay wonderful. And just wanted to get some color on the operating margin, I think if I look at your EBITDA on an YTD basis nearly at 41.5 and you have always commented that upward of 35% is what you guys are targeting it. So how should one look at EBITDA margin probably in Q4 and in FY13?

P. D. Mundhra Well I think in the short term it is obviously a large driver of that is what happens to the rupee given that last quarter rupee would have probably averaged more than what it is going to do in Q4. That will exert some downward pressure on margins anyway. I would say, we have always tried to maintain operating margins low to mid-30s. This year, year to date 9 months has been 38-39% but some of that is a function of currency. So I think if we end up in the next year or two years with the number in the mid-30 range on the margin front we would have done well. We would prefer to invest any surplus cash back into this effort.

Pratik Gandhi Sure. And last one on the attrition front. I think this time we have seen a sharp decline in attrition rate. So just wanted to know whether it was the normalization which happened because last quarter was unusual where we have attrition rate at 39%. So what would be the sustainable rate for you going forward?

P. D. Mundhra I do not think it is a normalization because in the second quarter of a financial year traditionally we do see an uptick as people leave the firm to go and pursue higher studies because the academic year for many people starts in that period and also bonuses get paid in May and June so again people who leave typically time it post the bonus payout. So the second quarter is usually high attrition for us anyways, so this year was no different. Third quarter is not as sharply lower as it was this time. So clearly there is a reduction in attrition whether this is a one quarter phenomenon or it is going to be longer term, I think we will come to know once we see the Q4 numbers but we were surprised by the reduction in attrition this quarter as compared to last one.

Pratik Gandhi Okay, any color on wage hike for next year?

P. D. Mundhra We have asked Hewitt to run a survey for us; they are doing an industry survey. So I think those results come in probably by the end of this month or first week of February. Then we will have some idea. But I would expect if the attrition is some precursor it will probably hike this year might be marginally lower than last year.

Pratik Gandhi Sure. And what was last year the hike?

P. D. Mundhra Last year I think it was around 13 to 14%.

Pratik Gandhi Okay, fair enough. Thank you so much and congratulations for a good set of numbers.

Moderator Thank you. We have a question from the line of Madhu Babu from Sunidhi, please go ahead.

Madhu Babu Sir, any impact of trading volumes, if the trading volumes become lower, would that impact our volume growth as such?

Anjan Malik Yeah, I think this question has been asked. I guess this is a good question because it gets asked quite regularly at our analyst calls and I think in the past we have maintained and we still maintain that actually the largest driver of our business or revenues is not really volumes. It is the number of different things that we do because if you look at the average size of our processes they are quite small. They range from 3 headcount to 10 headcount which are not that sensitive to volume. So I think it is less volume that drives growth for us; it is more complexity.

Madhu Babu Okay. And in terms of weaker environment would share gains go to third parties or would it go to captives?

Anjan Malik It is a good question. The answer is somewhat speculative and it is based on a few data points. The few data points like we are saying is that customers who are more neutral i.e. those that are not completely wedded to a captive are much more open to looking at third parties now than they have been in the past because of two things that I mentioned earlier. One is lower cost and the second is cost variableization, which is they feel that if business was to change dramatically then they can let the vendor take outcome risk which they may not be happy captive thinking.

Madhu Babu Sir any CapEx plans, are you planning to create any new centers?

P. D. Mundhra In the last 6 months or so we have had added capacity at our Ghatkopar facility and we have also taken some incremental space in our Hinjewadi facility. With that capacity addition I think we have some headroom, so no immediate plans to add more capacity beyond those.

Madhu Babu What are the total number of seats sir currently?

Rohitash Gupta By April it should be around 4300.

Madhu Babu So that will be enough for how many employees?

Rohitash Gupta 5.5 or round about.

Madhu Babu 5 and half thousand?

Rohitash Gupta Yes.

Madhu Babu Okay sir thanks.

Moderator Thank you. Our next question is from the line of Kamna Motwani from CRISIL, please go ahead.

Kamna Motwani Thank you for taking my question. I just needed one data point. What is the revenue from the top-5 clients in this quarter?

P. D. Mundhra It would be I guess roughly 85-86% of 25.4 million.

Kamna Motwani Thanks. And just one more thing, our hedging policy, we are hedged at about 49.1 average. So if the rupee continues to be at these levels, say 50 upwards then we would probably have to see some loss in the next quarter.

P. D. Mundhra Yes, that is right. We do not mark to market our hedges because our hedges are not speculative and they are basically hedges against existing contracts. So you are right, if the spot continues to be higher than our hedge rates as and when each contract matures, you would incur a loss on realization which has also happened in Q3. So our hedges that matured in November and December we incurred losses on realizations but correspondingly operating income for those revenues are booked at much higher spot rates. Ultimately at the net income level it washes out.

Kamna Motwani Okay. Thank you sir.

Moderator Thank you. Our next question is from the line of Chandrasekhar Sridhar from Union KBC Mutual Fund, please go ahead.

Chandrasekhar Sridhar Congratulations for the good set of numbers. Just wanted to have a few questions. What realistically would you think would be the contribution of the top-5 may be a year out, I mean you must have set some sort of targets on that.

Anjan Malik If you look at the pre-Lehman days I think the top-5 were contributing something in the mid-70% and we think that what started with that exercise of losing our customer and also when the consolidation process that started, we believe ultimately led to high concentration. So we would like to see numbers south of certainly 85% where we are right now. We do not see why we cannot re-achieve those mid-70s numbers at some point but it is hard to tell when that is going to happen because obviously both sets of businesses continue to grow and we obviously want both sets of businesses to continue to grow, which means both the top-5 and our non-top-5. So since you do not know what the relative growth rates are going to be it is hard to come out with an exact number a year forward.

Chandrasekhar Sridhar Okay. And is there some sort of variability within your top-5 as well as in someone flat lining, someone increasing or is it overall secular?

Anjan Malik I think it varies quarter-on-quarter, month-to-month. It is not as if they all sort of make the same decision at the same time of the year. So you will have situations where one guy flat lines for 6 months and suddenly they grow, so they tend to move with different times.

Chandrasekhar Sridhar But no secular trend of any sort which you would naturally discern?

Anjan Malik No, if you are saying there are particular client that is plateauing and it is secularly plateauing it is hard to tell. There is no news that is different from the past that would indicate that.

Chandrasekhar Sridhar Also on your acquisition, now you have obviously been open for an acquisition for more than a year now and you have earmarked and you talked about looking at a couple of companies, 2-3 companies every quarter now. Where are you stuck at till now? Is there something in the anvil, may be in the next few months are something of that sort? And also, has the size of your acquisition changed? I mean are you looking at commensurate with your size or are you looking for sort of larger acquisitions now than before?

P. D. Mundhra Well I think to some degree on the acquisitions front, our options and efforts are governed or constrained by what is available. So if you look at the universe of assets of our type of business in India there is a fairly large number of small companies in the let us say $10 to $25 million revenue range. And once you cross that and you start hitting $40-$50 million in revenues there is a very-very small handful of companies. So in terms of size although we may have grown and have experienced growth, I think it is still likely that if and when we do a deal it will more likely than not be a smaller company, simply because there are more number of assets of that size available. In terms of where we are in that process, we are working very closely with a banker that we gave a mandate to about a year ago, and I think from our perspective there are two or three things, so we have to like sort of the industry environment, we have to like the asset, the founders have to be willing to sell and the price and the commercial terms and conditions have to work, so all those 4 things have to happen for a deal to happen. And we would not want to do the wrong transaction because ultimately the alternative for us is to focus on organic growth which we are doing. So while we continue to look I think we have internal thresholds of what we will do, what we will not do and if something does not meet that threshold then we would not do it.

Chandrasekhar Sridhar Okay and also in terms of your net employee additions it has sort of slowed down in the last couple of quarters and given the fact that your employee addition is generally just-in-time, is this sort of a precursor for slightly slower revenue growth which you think may happen over the next few quarters?

P. D. Mundhra Well, I think it is a reflection of what has happened. Like each quarter's headcount addition is reflection of what has happened to revenue in that quarter and may be the first month to month and half of the next quarter because our lead time for bringing somebody on board is about 26-

27 days, so whatever headcount position that you see on a given day, basically reflects our expectation for the business a month in the future. So it is no statement for any period more than that. If you look at this year, I think in the first quarter we added a number of employees, a very large number of employees I think almost 8 or 10% to our headcount because we had a number of mandates that went live there and revenues kicked in over a period of time. So I think the fact the headcount addition has been muted in the last couple of quarters is mirrored by the fact that revenue growth has also been sort of 3-4-5% quarter-on-quarter type growth.

Chandrasekhar Sridhar Okay. Thanks so much.

Moderator Thank you. We have a follow-up question from the line of Pratik Gandhi from IDBI Capital, please go ahead.

Pratik Gandhi Yeah, hi thanks for taking my question again. Rohitash, can you give me a breakup of ForEx losses in the current quarter and what is the corresponding translation gain?

Rohitash Gupta If you look at other income I think it was about 3 crores in this quarter. So that is mix of two elements. One is hedge losses that we had which was about 6-7 crores and there was other large component of revaluation of debtors and other things which was about 10 crores, so that is how it came to about 3 crores.

Pratik Gandhi Okay, fair enough. And secondly if I remember correctly I think we have shared a view that probably you expect utilization rate to come down to your normalized level of 67-68% in last quarter, but I think this time again we have improved it. So when should one expect it to be a normalized?

Rohitash Gupta I think it is a function of the attrition and growth that you are seeing in the near quarters and you forecast for the near quarters in future. And both numbers if you see the attrition has been coming down and growth obviously this quarter has been 5% which is less than our usual average. Though given both these trend types, this is not a surprising number as such of utilization going up.

Pratik Gandhi But should we assume going forward also it will remain at elevated levels?

P. D. Mundhra Well I think the longer term averages are 70, so if you are building some kind of model I think you can use 70 because deviation from that will be may be 100-150 basis points either up or down so that would be a good midpoint.

Pratik Gandhi Sure, okay. Thank you very much.

Moderator Thank you. We have our next question from the line of Ashish Kacholia from Lucky Securities, please go ahead.

Ashish Kacholia Yeah good evening to the management team and congratulations on a good set of numbers. My question is basically there have been lot of firings in the banking and financial derivative space. How have we been affected? Have any of our clients been directly affected by these kind of firings?

Anjan Malik Absolutely, and that was the point that I was making earlier that the things that lead to uncertainty in the pipeline ultimately is that the stakeholders that you have business lined with, leave, and that continues to happen and I think it will happen for the remainder of the year. So ultimately what that will mean is there is great uncertainty because you have to spend more time canvassing a broader set of people to win business. I guess it is like a change of government in some sense, like just a higher velocity change of governments. You have to spend much more time lobbying with your customers which is also part of the reason that we feel that the investment that we made onshore is so important and we continue to try and add people because we just need to pad our front end to face off against the changing environment that we are dealing with.

Ashish Kacholia Okay. And in terms of our own existing projects, have any of those projects been affected?

Anjan Malik I am trying to think about if there has been any very large size casualties and I cannot think of any for example that come to mind in the last quarter that stand out, that would be different from normal.

Ashish Kacholia Okay, and in terms of our scale up on the online marketing thing, how is that happening? Is that happening at a pace good enough to compensate for the slowdown on the financial side?

Anjan Malik I think the business continues to actually stay pretty much equal in size. So as I mentioned, I would say the SMS business continues to be a steady line, like we get good rates of new customer addition and good customer reach-out. And as I mentioned I think in past calls, the thing is that our entry points into those SMS customers seem to be smaller than the large deals that you can swing in one of the banking clients. So although your banking client viewers might be fewer and far between, it will be fewer in number. Gaining one of them will have very large swing events so the combination of those two outcomes meant that this stays pretty much flat. And that has again borne out this quarter.

Ashish Kacholia Right. Thank you very much and all the very best.

Moderator Thank you. We have next question from the line of Rohit Vichare from ITI PMS, please go ahead.

Rohit Vichare Hi. Just a quick clarification. I think Rohitash was explaining the ForEx gains and losses, so the exchange difference of 3.12 crores is basically the combination of 10 crores of debtors and 6-7 crores loss on ForEx on derivative contract, right? That is what you meant?

Rohitash Gupta Can you repeat the question?

Rohit Vichare About the earlier question, you have explained about the breakup of ForEx impact. Since there was hedge loss of 6 to 7 crores and evaluation of debtors of 8 to 10 crores leading to 3 crores net positive impact. And this has reflected as exchange difference net in your reported numbers, right.

Rohitash Gupta Correct, in the press release I believe.

Rohit Vichare There is other income of 3.12 crores that has normal may be interest income or some other stuff. Those are two different items.

Rohitash Gupta We are talking about exchange difference net.

Rohit Vichare Okay. I just wanted to clarify that. Thank you.

Moderator Thank you. As there are no further more questions, I would now like to hand the floor over to Mr. P. D. Mundhra for closing comments. Thank you and over to you sir.

P. D. Mundhra Thank you, Terrance, and thanks everyone for joining the call. We look forward to chatting with you on the results in May. Thanks. Bye.

Moderator Thank you so much. On behalf of eClerx Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.