



“eClerx Services Limited Earnings Conference Call”

October 19, 2011



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



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Moderator: Ladies and gentlemen, good evening and welcome to the eClerx Services Limited Q2 FY2012 earnings conference call. Joining us on the call today from eClerx are Mr. PD Mundhra – Executive Director, Mr. Anjan Malik – Director and Mr. Rohitash Gupta – Chief Financial Officer. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would like to hand the conference over to Mr. PD Mundhra. Thank you. And over to you, sir.

PD Mundhra: Thank you so much and thank you to all the folks for joining our call this evening. Without further ado, we would like to spend a few minutes just walking through the summary of the results and the PowerPoint presentation and then leave the floor open for questions. So moving on to Slide #1 which has the key numbers for the quarter. I think the highlight for us is that operating revenue grew about 9% in dollar terms and 10% in constant currency terms to \$24.3 million for Q2. In INR terms, revenue was up 14%, obviously helped by a weaker Rupee for the quarter. In terms of bottom-line, operating margins for the quarter was 36% which was down about 1% sequentially quarter-on-quarter but for the first six months operating margins were 37%, up 2% YoY. Later we will talk a little bit more about the interplay of those numbers. EPS for the quarter was Rs. 15 and for the half year was Rs. 27.5.

Moving on to Slide #2, this is a quick summary of our outstanding hedges. We used the bout of INR weakness over the last three months to put on a slightly larger volume of hedges than we have traditionally done. So if you look at the volume of outstanding hedges has a multiple of the immediately preceding quarters revenue, that metric on September 30 stood at five times, so we had an outstanding hedge of \$120 million approximately as against the last quarter revenue of \$24 million and odd. By comparison, if you computed that same metric over the previous four quarters the average would have been around 3.5 times, the corresponding quarter's revenue, so clearly we have increased the size of our hedge because we felt that with a bout of INR weakness this was a good opportunity to do so. So we now have cumulative outstanding hedge of \$120 million at about Rs. 48 on average.

Slide #3 has some salient extracts from our balance sheet. We ended the quarter with about Rs. 140 crores in cash; this is down from the preceding quarter because we paid out our final dividend of about 75 crores including dividend tax during Q2. And our trailing 12-month EPS at a basic level was just over Rs. 50 and Rs. 48 on a diluted basis. Book value per share is about Rs. 110 per share.

Slide #4 has a quick snapshot of our P&L for the first half of FY12 versus FY11. As you will see on a YoY basis the numbers are pretty steady. What I would like to do is use this opportunity to explain why there was a decline in operating margin sequentially QoQ, primarily this was driven by an increase in our legal and professional fees, a) on account of some of the new hires that we have brought on board overseas and the corresponding placement fees that we



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pay against those hires and also because in India there was a revision of minimum wage for certain services like security, etc. And the cumulative effect of that was recognized during Q2. So some of those reasons are primarily responsible for our QoQ slight decline and that is in operating margins, but YoY operating margins went up about 2% or 200 basis points.

Slide #5 has a bridge at the operating margin level. As you would expect, given the weakness in the INR current and the exchange rate for movements for the primary driver of the expansion of operating margins on a YoY basis, most of the other heads of cost remain more or less flat.

Slide #6 has the same analysis for net margins. I think the biggest call out there is obviously the adverse movement on the tax rate given that the activity in SEZ is now subject to imposition of MAT from this financial year. Our effective tax rate is now 20% which is why obviously at the net margin level that was a negative effect. That was offset by some of the ForEx gains we had because the weaker Rupee at the end of the quarter gave a substantial mark-to-market gains on all of our foreign currency assets specifically receivables and bank balances.

Slide #7 has some metrics around different cuts of our revenue. In terms of currency decomposition the USD contribution to our revenue increased a little bit primarily due to USD strength more than any underlying sort of changes in revenue mix. As you will notice our DSOs are slightly elongated, up by about 10 days both from the end of the last quarter and from the same point last year. We recognize this but we feel that this is more due to specific delays on clients accounts more than sort of any degradation in the quality of receivables and we do not see any risk to the quality of the receivables or the risk of taking write-offs and we expect that this will come down to more normal levels in the next few months.

On the positive side, I think client concentration came down QoQ from 88% to 86%. As that number would imply this is the quarter where our non-top five clients or our emerging clients grew faster than our top five which was a very encouraging sign for us. Revenue contribution from our Fortune 500 clients stays flat at about 97% of total revenue. Utilization in this quarter was very high, 71% compared to 67-68% number for the previous quarter. So there was some operating efficiencies that we were able to bring to the quarter exit.

Slide #8 is a new graph that we put together which basically shows the relative growth rates of our top five accounts versus our emerging accounts. So the way to read that slide is that for example, the first point for the blue line for Q1 2011 shows that our top five accounts grew just over 60% for that quarter on a YoY basis. By comparison, our emerging accounts for that quarter actually shrunk by about 15%. So if you look at the trajectory of those two lines the picture that it shows is that our top five accounts have sort of flattened out at about 30% YoY growth for the last three or four quarters whereas our emerging accounts have been growing faster and faster every quarter and we are very pleased to say that this quarter was the first quarter where our emerging accounts grew faster than our top five accounts. One of the reasons for sharing this is also because as you may remember in the last call we talked about increasing investment in our sales force to cover emerging accounts and this trend is something that we want to invest more in and while the lines maybe little volatile given the small base of the



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emerging account revenues we feel that overall we have a good chance of increasing contribution from emerging accounts over the next few quarters.

Slide #9 has some key metrics on staff additions and attrition. We ended the quarter at about 4150 head counts, net additions were about 150 people in the last quarter. As you might remember, we added many more people during the first quarter, almost 300-350 people but we also had low utilization. So this quarter we had a fewer net additions but we had higher utilizations and I expect that utilization will settle down to 68-70% range going forward.

Attrition this quarter was higher than the previous quarter but this is to some degree a seasonal phenomenon for us, Q2 has always been our quarter of highest attrition as people get paid the year-end bonuses in May and June and to that extent those who want to leave the firm end up leaving in Q2. Also people leaving for higher studies tend to leave during Q2. So from that perspective, Q2 is always a quarter for higher attrition. So I think there is no surprise there.

With that I will hand over to Anjan to talk about our outlook for the next few quarters.

Anjan Malik

Top of mind for all of us here is in senior management of eClerx on the point that PD mentioned is of course our focus on what we call our emerging clients which is non-top five clients. As we mentioned this has been a first quarter in some time in which our emerging growth rate was faster than top five although our top five growth rate continues to be very strong and we continue to get into new areas and newer and larger engagements with those customers.

The other big point that PD also alluded to you was the return on onshore investment – we made the point in the last few calls that we want to continue to invest onshore and more importantly, focus on the split of how onshore folks are developed. We have now probably about 50% of our onshore team focusing on emerging companies and 50% are focusing on account development of existing large clients. Over a period of time we expect the skew to start moving more and more towards emerging. I think these are results that we are seeing in this quarter, although it is of course just one quarter. It means to us that we need to continue with that investment and we intend to do that. So to that extent you will continue to see the onshore team grew disproportionately over a period of time.

In terms of growth we are adding capacity in Mumbai, Pune, so we've added about 50,000 sq. ft. across Mumbai, Pune, we are just continuously existing facilities in ASM and Hinjewadi in Pune. And we are going to be opportunistic about adding space in those three cities or in those two cities for two locations in Mumbai, so Central Mumbai, North Mumbai or New Mumbai as you call it and the IT Park in Pune.

On the M&A front, we continue to see a lot of deal flow and certainly if you were to take a sense check we see a lot more deals for this year than we did last year. Some of it obviously is a function of our balance sheet, function of this year's specific shown to both the dealer community and also the seriousness of which we have valued these opportunities. So we are



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seeing a lot more deal flow. So we are looking at probably an average of 1-2 companies per quarter and mostly in the \$10-25 million revenue and we continue to see good assets. We have a disciplined matrix, against which we value opportunities and obviously we would not just buy for the sake of buying as we have discussed on many occasions before. But we have seen some attractive opportunities and we continue to see attractive opportunities so I guess albeit to say it is watch the space.

On outlook for growth, the one thing we would say is that conversations at our senior management team, myself, and PD are having with our clients and obviously the roadmap these guys have shared with us makes us quite optimistic for calendar year 2012. So unlike sort of the death and mayhem that a lot of people expect given the cuts in budgets, slow growth in our western markets, the rising unemployment rates and I guess to some extent rising regulation and protectionism, our customers on the whole seem to be much more aggressive about outsourcing and we are looking for ways of helping them reducing costs. So given that backdrop we remain optimistic about the next 18 months.

The one feedback we continue to get is that we are well priced. We have obviously over the last few years had many opportunities to benchmark ourselves against competition, against customers' captives. And feedback that we get is we are relatively well-priced, so we expect no dramatic changes to pricing in the immediate term.

The one thing that remains as a constant theme is that competition remains very high out there and I think there are a lot of Indian vendors, there are a lot of non-Indian vendors that are trying to get into new areas of business and they are trying to solve them, lead with price, lead with whatever connection they can into customer accounts. So there is a lot of price discovery out there and there is certainly a lot of competition out there. But I am happy to say that we continue to win business and that is a good sign. So with that we will pass over for questions to the audience.

- Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from Krudent Chheda from Value Quest Research. Please go ahead.
- Krudent Chheda:** In the first quarter where did the growth come from, what was the growth in the finance vertical and our SMS vertical?
- PD Mundhra:** I think growth was pretty even across both businesses in the last quarter. I would say in the last financial year probably our SMS business grew slightly faster but both businesses continue to be roughly 50-50 in terms of revenue contribution.
- Krudent Chheda:** Citigroup and all are shutting down their prop trading desk, would it have a major impact on our finance vertical or would it have an impact on our revenues? If some other, more investment bankers shut down their prop trading desk.



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- Anjan Malik:** If you look at the investment banking industry in its entirety, prop trading will make up a very small percentage of total volumes or total deal flow. There is a large amount of volume that goes through, for example, their customer facing franchise desks and also the corporate banking desks. So, the prop trading on its own we do not think will have a large impact on our business at all. In fact, what we are seeing from things like the Volcker rule, which is driving the trading proprietary businesses out of the investment banks. There is a lot of consulting and chartered and sort of mid-year length dealer projects that come our way. Go away helping customers basically move step out from major investment banks to buy side holding companies that are effectively buying businesses or these businesses are being set up and so short-term, so net-net we do not anticipate any decrease in business but we anticipate short to medium term increase in business to our consulting and project business.
- Krudent Chheda:** What is the current total seat capacity?
- Rohitash Gupta:** It is about 3700 seats.
- Krudent Chheda:** In this quarter ForEx gain was 10 crores. Have we squared up some of our positions? Because that was too large considering the fluctuations, the movement in ForEx, because the Rupee has depreciated by almost 10% in Q2.
- PD Mundhra:** The ForEx gains are sum of two components. The first component is gains on the realizations of hedges. During the early part of the quarter for example, if the hedge rates were higher than the spot rates to the time maturity we book a gain of that difference. The second component of ForEx gains is basically revaluation of ForEx assets at quarter-end. For example, bank balances or receivables that would have been marked at 45 or 46, three months ago, we had remarked at 48 or 49, whatever the quarter run rate was. And that gets booked as other income of ForEx gains. So, we have not canceled any hedges nor do we mark-to-market our hedges. All the ForEx gains are on account of realization of hedges or on account of revaluation of FX assets.
- Moderator:** Thank you. The next question is from Srivatsan Ramachandran from Spark Capital. Please go ahead.
- Srivatsan Ramachandran:** You did mention about competition and fair bit of spreads discovery going up and you guys are doing some...could you just delve a bit more on the benchmark as to where we would be standing vis-à-vis captives or other competition third-party suppliers who are there, or what are the reasons for sustaining our pricing if somebody decides to take an erratic move on the pricing part?
- Anjan Malik:** You can broadly break up pricing into three categories, so there is the captive – we're substantially cheaper than the captives obviously, just like other third-party vendors. There is the specialist KPOs who have chipped in and because we do not operate in the space which is considered to be very sort of, I do not know, what do you call that, the 'prodigy type businesses,' the super research, modeling, Ph.D. type businesses and then to some extent there are the IT companies who have BPO businesses and I think if you think about benchmarking



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against large clients situations they're probably those guys who get benchmarked against the most. There I would say we are very well-priced. We are I would say within 5 or 10% of them more or less most of the time. The KPOs are very expensive so that is a different business. The reason we feel confident about sustaining both pricing power and competitiveness is ultimately in that game what we call that sort of the large scale KPO game, the scale is about running large portfolios of small complex processes and those are now businesses which you can just go and bid everyday low price for and hope to be successful at. And what we are finding is that our competition is also very smart about how they price that because they understand that running those portfolios or services are substantially more involving, than just running very large BPO, call centers or transcription services. So, I think the combination again, I would say the combination of domain skill set around managing those complex processes would ultimately allows us to continue to win business at good prices.

Srivatsan Ramachandran: The next thing is you are predominantly more FTE based business but at a broader level many clients are preferring to have a fixed price or a pay-as-you-go model, do you see that kind of a transition happening over maybe 12-18 months wherein some of your larger clients could ask you to go towards a more risk-reward kind of sharing structure wherein take the deal in on a fixed price project or pay as you go maybe per transaction or per CDO or processing?

PD Mundhra: I think from our perspective, we would be happy to take fixed price arrangements because the reality is on average I would say we realize efficiency of productivity gains of anywhere between 5 and 10% YoY on most projects. However, clients are I think reluctant to make that move in our context because we are running a large portfolio of a number of small headcount processes. So the overhead in terms of determining unit price and unit handle time on clients is very high. And remember that even if they undertake a one-time exercise of determining for this type of activity this is what the unit price should be the average handle time for that activity changes over time as productivity improves, as new technology gets deployed. It is not a one-off effort. Establishing a fair price to both parties is an ongoing effort. So, for our situation where individual contractual engagements are 8-10 headcount, \$300,000, \$400,000 a year on average, that overhead of establishing and maintaining a fair and remunerative price is very onerous for clients. From our perspective we realize that FTE arrangements probably are less rewarding to us than fixed price arrangements but the benefit they have is of simplicity and revenue acceleration because once you agree on a rate card with a client then it becomes fairly easy to discuss new opportunities, size and price and then start billing and accruing that revenue. So we are willing to make that trade-off and give a potentially slightly higher margins in return for faster growth.

Moderator: Thank you. The next question is from Amit Jain from Nomura. Please go ahead.

Amit Jain: Just had two questions for you; one as you mentioned that you expect the utilization rate to kind of stabilize at 70% could you explain why not go up to that typical IT levels of 80 plus levels?

PD Mundhra: Sure, so just to give you a quick snapshot of our total staff pyramids, so far roughly 68-70% of total headcount is charged to clients at any given point of time, another 15-17% would be bench



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and managers. So part of operations vis-à-vis the last 13-15% would be shared services. So things like corporate finance, infrastructure, IT, HR and so on. So I think if you look at utilization in a metric that is equivalent to the way the IT companies report it, my understanding is that you would basically take 70 upon maybe 85, because you would exclude shared services from the denominator. And if you do that number then it comes out similar to what the IT companies report. We are reporting this as a percentage of total headcount. So we are not taking out shared services from that denominator which is why I said 68-70% range.

Amit Jain:

Second question was on your sales and marketing services space. I understand that for the last couple of quarters you won some very good deals out there, one example would be Autodesk, and I know that you would not speak about a particular client but in general how is that space picking up especially when there are some concerns on the financial side of the business?

Anjan Malik:

It sort of goes back to the conversation we were having in our wrap-up which is that if you break it down to basics that sound somewhat glib but ultimately folks like us are in the business of cost replacement. And to some extent you are part of a solution as opposed to part of a problem. So, cost pressures are high. And so people will consider the solutions that they may not have considered before or solutions that they would have considered anathema in the past. Outsourcing to Indians is one of them. And I think when you are talking to companies like ourselves that wrap a layer of domain or a consulting edge around them, we are a very low friction kind of entity to work with. So if you are a first timer in the outsourcing game or if you have a complex set of problems, if you do not have a very well-defined demand packet which I would say means that you're an end revenue owner of some business, be it in online marketing or channel management or if you happen to be in some place in the middle office, or if you happen to be the CEO of hedge fund, I would say you are not a very well-defined demand packet. Then companies like us make that transition much easier for you because you do not necessarily have to understand all that is involved in off-shoring that well because all you really need to do is to talk to one of our guys and they will take it from that point. So I would call it the low touch outsourcing opportunity or the low touch outsourcing capability makes us very attractive to these kind of demand pockets. So, that is part of the reason why we continue to see growth.

Amit Jain:

And finally on the deal front, could you elaborate a bit more in a sense that the deal side you are kind of seeing is mentioned 1-2 per quarter, are those primarily India-based or are they basically front-end organization?

Anjan Malik:

You are talking about the M&A, inorganic opportunities?

Amit Jain:

Correct.

Anjan Malik:

Front-end is an over-used term I guess, most of the organizations that we are looking at as I said broadly meet a ten-point attractiveness matrix that we set up internally, they have some basic characteristics, for example, they are data companies, so that they run some sort of data process as opposed to voice. They are specific in domains and they have footprints and clients that are



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very similar to ours. I would say that the large majority of them would be already what I would call India back-ended. So the thing of interest to us is good quality client footprint. The capability is somewhat secondary.

Moderator: Thank you. The next question is from Niral Dalal from Almondz Global Securities. Please go ahead.

Niral Dalal: Could you talk about the nature of engagements that are driving growth currently in both the financial services as well as SMS verticals.

Anjan Malik: The nature of activities have not broadly changed QoQ, so I would say in sales or marketing or in digital marketing, it is the transition to online; its mostly on our online services where things like search engine optimization, content management, web analytics, social media and things of that nature and in the banking services, it is basically operations, finance and control and those kind of reference data activities both for the buy side and the sell side. So, the types of what we do have not changed dramatically, we just do more of them.

Niral Dalal: So it is pretty much like, have you seen any acceleration in growth at the analytics or financial services?

PD Mundhra: I will say last quarter was very strong for us. The numbers speak for themselves, because we had 9% growth sequentially in dollar terms, which I would say that is a high-end of what we have done in the last 8 or 12 quarters for that matter. So clearly we saw very good growth in last quarter, I mean I would not hold out the expectation that future quarters will also be a 9% kind of quarters, but the pipeline looks fairly stable, so I think you will have lumpy growth, some quarters will be stronger, some will be weaker but broadly speaking we continue to see good demand.

Niral Dalal: And are you seeing any sort of issues in the top five clients given the current macro scenario? And the fact that you have referred that the DSO days have gone up, so are you seeing any client-specific issues in the top five clients?

Anjan Malik: DSO days have gone up and there is more stress in the liquidity markets and there is more stress in the funding market in Europe and in the US. We strongly do not believe those two are correlated. So, I think what we are seeing in these instances is that there are specific administrative issues that are leading to delays and we expect the DSO days to come down, so I think it is a near time peak, we do not think it is anyway correlated to any specific event with any one of our customers, certainly no indication of that.

PD Mundhra: I think we did this very rudimentary analysis looking at the published results of our top five and our top ten clients and actually QoQ for the most recently reported period they have seen an increase both in revenues and net income. So I think there is stress in the financial markets. So far operationally when we speak to our clients sponsors we do not necessarily see the same thing.



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- Niral Dalal:** And one last question on what is your hiring outlook in terms of how many ads do you see both on the sales side as well as at the operational analyst level?
- PD Mundhra:** On the sales side we have about 35-36 people as of quarter end and I would expect that that number should be somewhere in the low 40s by the end of our financial year, somewhere between 40 and 45. I think we will continue to add 2-3 people every quarter. For the back-end for India operations we do not really have any kind of hiring target even internally. So, we continue to sort of manage our ability to hire just in time and all our internal target setting is more around revenues. So we do not really set any hiring targets.
- Niral Dalal:** But this is a continuous exercise, right, you keep hiring and you all manage to find relevant work force?
- PD Mundhra:** Yes.
- Moderator:** Thank you. The next question is from Kunal Sangoi from Edelweiss. Please go ahead.
- Kunal Sangoi:** My question is if I look at the dollar numbers and the rupee number reported the realized rate works out to be about 46.8, so just wondering was September very strong compared to the earlier two months, would that be a fair reading?
- PD Mundhra:** I think we did have month-on-month increases throughout the quarter. Some of this is also probably a function of how un-billed revenue gets treated, right. Because the un-billed revenue would have got converted I assume at the period end rate if my understanding on accounting treatment is accurate, so that may also play in to why you see maybe higher realization.
- Kunal Sangoi:** So that would have got converted at your quarter end rate is what you are indicating?
- PD Mundhra:** Rohitash, can you confirm? Because I am not 100% sure of this.
- Rohitash Gupta:** That is right, so un-billed revenues will be converted in quarter end rate.
- Kunal Sangoi:** And how much would that be actually? Sorry if I have not seen the number.
- Rohitash Gupta:** We can take it offline, but on an annualized basis any given quarter end about 7-8% will be unbilled.
- Kunal Sangoi:** My second question is, in the current environment is there some trend with regards to more demand for short term projects, as we have seen even in the earlier downturn or when the slowdown threat in 2008-09. We saw some opportunities being arising out of short-term projects is similar kind of trend being witnessed at this point in time?
- PD Mundhra:** I would say we do see demand for project or consulting work but I think that is not necessarily driven by demand side weakness in the west. I think that is more a function that clients are



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struggling with change and so they want burst capacity or they want specific help in terms of transitioning to comply with new regulation or new business dynamics. For the bulk of our work we continue to see sort of longer-term engagements, because if you think about how our business works, from the day a client decides to offshore something, its a 6-9 months lag before they pick a vendor, that activity is scoped, trial runs happen and then the vendor goes live. And then it is another 3-6 months before they realize real cost savings as they wind down or ramp down their local in-house team. So it is at least 12-15 months before a client sees substantial financial gain from any offshoring projects. So, when people take that plunge they do it with a 2-3-4 year horizon, they typically do not do it with a very short-term horizon.

Kunal Sangoi:

The other question is as earlier you alluded to competitive scenario being little more intense and pricing being benchmarked to some other top Indian guys. If you can share what is the kind of in terms of, so basically, is there a new deals being more coming through RFP driven process or you are witnessing formal competition there, because earlier my understanding is that we have had a lot of expansion in the business through internal referrals and non-RFP driven process.

Anjan Malik:

The answer is first of all if I gave the impression that competition is increasing then I think that is a mistake, my intention was saying that competition continues to be strong which is a matter of fact, not that it is less or more, it is just intense. It got to grow. I would say that most of our business doesn't come from RFPs, so that continues to be fact. In the large organizations where for example there maybe another incumbent IT player or there maybe multiple relationships, when a customer starts to demand discussions for example, in those instances, where we are driving the pull, so for example, we have a particular idea or a product, in that instance, we will pitch into our customer and they will obviously... you will typically not get RFP. There will be some instances where customers make specific demand and they may run what I would call as RFP lite where they may just tee you off against a couple of guys just to make sure that your services and the value proposition is appropriate. Because in this market it's a pretty brave buyer that's not benchmarking you against at least somebody before they make a buy decision. So I do not think demographically anything has changed but we were just making a point that the competition exists, I think the point we were trying to make is that there is price transparency, it is not as if eClerx is hiding in some corner, at some very high prices that nobody knows about. I think there is visibility, I think ultimately people pick up because we are very competitively priced for the value proposition that we bring which is the combination of the main low touch outsourcing capability, the quick transition that are very specific skill set that I think the large BPOs ultimately do still struggle, and perhaps are not even that interested in doing.

Kunal Sangoi:

And last question with regards to SG&A expenses as a whole we have seen some rise in G&A in particular and obviously on the sale side you did mention that on-shore sales team has increased and probably that is the reason for cost expansion. Do you see on the G&A front this remaining at similar kind of levels or you see some optimization coming through from that side?

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- PD Mundhra:** As we mentioned previously G&A was slightly higher this quarter because of higher legal and professional fees on placement for onsite hires that we made as well as sort of catch-ups in terms of minimum wage adjustments in India for security and some other services. More broadly I would say that I think G&A will remain around this range, it will go up a little bit when we set up a new facility and therefore utilization is low, it might go down a little bit, when we are running at peak utilization but again from a margin perspective I would not set an expectation that we are going to be higher than sort of low-to-mid 30s, I think if we can stay in that range for operating margins, we would feel that that is a decent outcome.
- Kunal Sangoi:** That is ex-currency benefit.
- PD Mundhra:** Yeah, operating margins.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to hand over the conference back to Mr. P.D. Mundhra for closing comments.
- PD Mundhra:** Thank you so much everybody for joining this call and we look forward to speaking with you in January with Q3 results. Thank you. Bye-bye.
- Moderator:** Thank you. On behalf of eClerx Services Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.