NIIT Technologies Limited
Investors/Earnings Conference Call
(May 23, 2007)

Moderator: Good evening Ladies and Gentlemen. I am Rita, the moderator, for this conference. Welcome to the NIIT Technologies Ltd. conference call. For the duration of the presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A session. I would now like to handover to handover the floor to Mr. Arvind Thakur. Thank you and over to you sir.

Arvind Thakur: Thank you Rita. Good evening everybody. I welcome you to this earnings call where I will be discussing with you the earning results of NIIT Technologies for the full financial year 2006-2007 as well as Q4 of 2006-2007

Just to give you the highlights for the year, you would have seen our revenues grow 46% during the year to 8859 million. Our operating profits have grown 56% during the year to 1803 million. During the year we expanded our operating margins by 133 basis points to 20.4%. Our net profits have nearly doubled to 95% during the year as compared to last year to 1292 million. The highlights for the quarter, revenues increased by 46.5% year on year and 5% quarter-on-quarter to 2435 million. Our operating profits increased 61% year-on-year and that is 9% quarter-on-quarter to Rs. 534 million, margin expanded 194 basis points year-on-year and 69 basis points quarter-on-quarter to 22% and our net profit increased 139% year-on-year to Rs. 459 million.

Just to analyze the results let me first take you through my analysis of the company's performance during the year. As I mentioned, consolidated revenues from operation were Rs. 8859 million, which is up 46% year on year of this IT solutions contributed Rs. 8305 million while BPO were Rs. 554 million representing 6% of these revenues. As you are aware during the year we had acquired an insurance solutions company in the UK in the first quarter of this year and if I exclude the inorganic revenues as a result of that acquisition and just focus on the organic revenues, our growth during the year has been 28% and you would see that in every quarter of the year we have had consistent growth both organically as well as if you include Room solutions .

In terms of where this business is come from, Europe contributed to 50% of our revenues during the year and this is the result of our sharp focus in this market, 32% of revenues comes from the US, and the rest of the world involving Asia and Australia account for the balance 18% and the rest of the world both Asia Pacific and India demonstrated strong organic growth and this signals a strong potential in the region particularly in the domestic market. For us, India accounted for 8% of the overall revenues of the company last year. As you are aware, we have been consistently focusing on a few industry segments and trying to build strong competence and the differentiation in those segments and these are essentially

the 3 industry verticals of financial services and within financial services we are most sharply focused on insurance. 42% of our revenue was derived from BFSI which actually grew 86% during the year and insurance now is a significant component of this industry focus. Insurance now contributes to 27% of our overall revenues.

The other major segment is the travel and transport segment, which represents 25% of our business and that grew 42% during the year. Third segment is the retail and manufacturing segment wherein manufacturing focus were more on distribution and that represents 12% of revenue for the year. Post the acquisition of ROOM, our onsite revenue had increased to 65% of the total revenue in the second quarter of the year. Thereafter, we have systematically been able to reduce the onsite component of our revenues by 1% in each quarter. For the year the mix of onsite to offshore, business has been 64% business has been onsite and 36% has been offshore.

Dwelling a little deeper in to the revenues and sharing with you some client analysis, our top 5 clients contributed to 39% of revenues during the year and our top 10 clients contributed to 50% of revenues. You will notice that that this is a reduction , top 5 clients last year contributed to 39% and top 10 client last year contributed to 54% of revenue representing a broad-basing of customers. This is also reflected by an increase in the million dollars accounts that we have now in the company, which has risen to 38 as compared to 25 last year. I think all around we have improved our service levels and did better account management resulting in better repeat business from our existing customers. This year 89% of our business was from our existing customers as compared to 86% last year. In all, we added 17 new significant customers during the year.

I will share with you some comments on the margins. As I discussed in the highlights operating profits during the year improved to Rs. 1803 million that's an increase of 56% and margin expanded to 20.4%. These margins are expanded despite the acquisition of ROOM Solutions and I think that what we have really seen is steady improvement in margin in each quarter post the acquisition basically representing the smooth integration of ROOM and ROOM Solutions in fact has been EPS accretive for the company.

Margins also expanded due to improved operating profit in our BPO business. As you are aware last year our BPO business was generating a loss and as a result of also reduced SGNA as we leveraged larger revenues from our overheads and the investments that we had made in the front end in the organization. Net profits nearly doubled during the year grew 95% to 1292 million, and this has been aided by an increase in other income of Rs. 148 million as well as improved taxation during the year.

ROOM Solutions was a company that we acquired in the first quarter of this year. Revenues had grown steadily in ROOM post the acquisition and margins too had improved steadily in each quarter post the acquisition.

We also did a joint venture with Adecco, which is the largest manpower services provider globally and this is a joint venture with the explicit intent of servicing their internal requirement as well as their clients. All the formalities of incorporating the company had been completed and we would be fully operational with this joint venture on July 1, 2007.

Dwelling a little bit on the results of this quarter, consolidated revenue from operations are Rs. 2435 million as I mentioned early up 5% quarter-on-quarter and 46.5% year-on-year. Here again BPO contributed to 6% of our total revenues at 152 million, the balance 2283 million coming from IT solutions. ROOM Solutions is now completely integrated into the company. Revenue from onsite activities during the quarter was 63%, which is continuing the trend of a reduction of 1% in each quarter. Operating profits for quarter four is at Rs. 534 million which is up 61% year-on-year and 9% quarter-on-quarter resulting in a margin expansion of 22% from 21% last quarter. Margins are expanded essentially on account of reduced SGNA improved profits in our BPO business, increase profits in ROOM Solutions as a result of steady state operations upon complete integration of all activities.

Net profits stand at Rs. 459 million, which is up 139% year-on-year. Besides better operating margins, net margins improved due to lower taxation in this quarter as a result of balancing annual tax provisions in earlier quarters as well as increase other income. These other income are on account of total refunds that we have obtained on the withholding taxes that we have paid in overseas geographies as well as a higher return on investments that we have made in mutual funds. There is also some collection that we did of receivables that was written off in earlier periods.

One of the most significant achievements of the quarter has been a record order intake of $72 million taking the order book executable over the next 12 months of $103 million. Most of the business is a repeat business. In addition we added three new significant customers in the quarter.

We also added 249 people during the quarter. It takes our total headcount to 4448 in the organization. If look at the direct resources in the company 25% of the direct resources are based overseas in onsite locations and the balance 75% are located offshore. With these summary remarks on the results of our annual performance over the year as well as the quarter performance for the last quarter of the year, I would now like to invite you to ask your questions which myself along with other members participating in this conference from NIIT Technologies, which includes Mr. Pawar, Chairman, Mr. Thadani, Director on the Board, Mr. Anand, Chief Financial Officer are present in this call.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to questions, kindly press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their question on first in-line basis. Participants are requested to use only handsets while asking the question. To ask a question, kindly press *1 now. First in line we have Mr. Ruchit Mehta from HSBC. Over to you sir.

Ruchit Mehta: Yeah Good evening gentlemen, congratulations on a great year. Couple of questions. Can you give a sense on what sort of revenues ROOM Solutions did in this quarter out of the services part and what is the operating margins that they have?

Arvind Thakur: ROOM Solutions revenue was in this quarter Rs. 313 million and we did a margin of 8%.

Ruchit Mehta: Okay, and just you have mentioned that you had some tax write back from the rebates and so what will be the extraordinary item there in the tax in this quarter?

Arvind Thakur: We had withholding taxes that we had paid in Japan and the entire IT industry had represented to government and tax authorities in Japan for an exemption on these withholding taxes, which was since allowed and we have recovered those amounts and that is what we are treating as you know extraordinary item of income.

Ruchit Mehta: How much would that amount be and where exactly has it classified in the P&L? Is it part of other income or actual income?

Arvind Thakur: This has been classified as other income.

Ruchit Mehta: Can you give us what that amount was?

Arvind Thakur: Rs. 7 million.

Ruchit Mehta: Rs. 7 million. Okay and Just on the depreciation front.

Ruchit Mehta: Just on the depreciation front. You know for three quarters it has kept on falling quarter-on-quarter any particular reason why and how should it behave going forward and just related to that what would be your CAPEX for fiscal 2008?

Arvind Thakur: Yeah I think there are old assets getting retired so that is what's causing the depreciation to come down. But going forwards, we have significant investment in the campus that we are building as well as expansion to support our business and you know that is the tune of about 130 Crores.

Ruchit Mehta: So you are spending 130 Crores in 2008 itself?

Arvind Thakur: Not entirely 2008 part of it in June 2008. Let me just see if I can give you how much we spend in 2008?

Ruchit Mehta: Okay.

Arvind Thakur: About 65 Crores outlay for the campus would be in this particular financial year.

Ruchit Mehta: Okay. Thank you very much. Wish you all the best.

Moderator: Thank you very much sir. Next in line we have Mr. Dipen Shah from Kotak Securities. Over to you sir.

Dipen: Yeah, Good evening and congratulations on a very good set of numbers.

Arvind Thakur: Thank you Dipen.

Dipen: I had about two to three questions. First of all I just wanted a sense on how are the benefits panning out on ROOM acquisition in terms of penetrating deeper into the voice market if you can just give us some idea about cross selling activities and benefits out of that. The second part would be that in the fourth quarter we have seen that the top 5 and 10 clients the revenues have come down in absolute terms. Could you just throw some light on that that is the first two questions please?

Arvind Thakur: Okay I think as far as the cross selling is concerned our first business is on the BPO and the ADM site with the ROOM customers but they are insignificant in terms of value, but we hope you to expand that in the coming year. Otherwise most of the energies in ROOM this year had been on both the transitioning of their activities as well as the integration and I think what we have been able to do is integrate the organization completely and we have also been able to grow the margins and now the margins we have talked about this quarter 8%, is standalone margins. Whereas if I combine the offshore element as well activities the margin actually expanding further to about 17% for ROOM Solutions.

Dipen Shah: Could you explain me this 8% and 17% difference?

Arvind Thakur: When we acquired ROOM, we acquired an entity which was in UK It was working with other vendors in India. Now first thing that we did was transition that business to offshore.

Dipen Shah: Okay, okay.

Arvind Thakur: Right so that margins that were going to those vendors became part of the ROOM margins.

Dipen Shah: Okay, okay.

Arvind Thakur: that's how have been able to expand upon the standalone onsite margins from that.

Dipen Shah: Okay. The other part was about the top 5 and 10 clients.

Arvind Thakur: Yes I touched upon that. I think what we have really been able to is, broad base little more our top 20, if you look at our top 20 customers they contributed 65% of a revenues and that has remained stable.

Dipen Shah: Yeah that I understand, but in fact I was referring to the top 5 clients whose contribution has come down in absolute sense quarter-on-quarter in terms of rupees.

Arvind Thakur: That is what I was explaining to you.

Dipen Shah: Okay, Okay and the third one is can you just throw some more light on the BPO business. Last quarter we had one of fortune 500 accounts so if you

could just may be throw some light on the scale up details and the potential within that customer and how long do we expect to per say or may be from when do we expect to start adding employees in BPO?

Arvind Thakur: Okay to come back to your first question you had on top 5 just to explain to you that the revenues are not coming down. The revenues are increasing, but it is the portion of revenue of the top 20s are increasing because we have added many more million dollar accounts in our portfolio.

Dipen Shah: Okay, Okay.

Arvind Thakur: In the BPO, that is the business actually acquired early this quarter, where we have transitioned one of the processes, and that is being done extremely well and the based on the outcome of that you will see what are the other processes from the account that we need to transition.

Dipen Shah: Okay. How many employees would be there last quarter we had about 60 employees I believe on that?

Arvind Thakur: No in fact last quarter we had hired the 60 people to execute the business in this quarter.

Dipen Shah: Okay. And sorry for this, but the last question was what can be the tax rate we can assume for the current year that is the final question, thank you.

Arvind Thakur: I would think you should look at anywhere between 13% to 14%.

Dipen Shah: Okay. Thank you very much and all the very best.

Arvind Thakur: Thank you.

Moderator: Thank you very much sir.

Moderator: Yes sir, that was from the last participant who was asking the question. It seems he was on the speaker line sir.

Arvind Thakur: Okay.

Moderator: So next on line, Mr. Manik Taneja from Maan Financial. Over to you sir.

Manik: Good evening sir. Congratulations on the good set of numbers.

Arvind Thakur: Thank you Manik.

Manik: Margins have actually increased by 80 in this particular quarter, just I wanted to get an understanding of how much more leverage do we have to improve our margins further on this? That is my first question I will come to the next question after you through with this.

Arvind Thakur: I think margins basically there many levers for expansion. Number one is the onsite-offshore ratio itself.

Manik: Okay.

Arvind Thakur: We are seeing that improving in favor of offshore consistently 1% every quarter. So that you know contributes to improved margins.

Manik: How much can you actually increase that further?

Arvind Thakur: You know we are at 63% onsite probably certainly it can come to the 50s.

Manik: Okay. That should be all next 18-24 months.

Arvind Thakur: Yeah and if you can assume a percentage every quarter as we have been doing last three quarters it will take you know 4-5 quarters to do that.

Manik: Okay and your SGNA.

Arvind Thakur: Second is the SGNA. Now our SGNA has also improved and you would have seen an improvement between last year and this year. Last year the SGNA was 22%. This year it is 20% for the full year. So that is another improvement. Third is even the bill rates, you know we have not been experiencing any pressure on bill rates and in fact by virtue of our improved mix in Europe our bill rates are improving as an average for the company.

Manik: So what would be this average hike, average improvement in billing rates as such?

Arvind Thakur: We have seen 3% to 5%.

Manik: And you will be able to negotiate it on almost all your engagements?

Arvind Thakur: No it is not the question of negotiating. You just get the business at higher bill rates in Europe as compared to US.

Manik: My second question was what is your guidance in terms of employee addition for the next year?

Arvind Thakur: See we have added 249 people this quarter and we certainly will add over the year over a 1000 people.

Manik: 1000 people. Just a book keeping question because the way you have been providing the breakup of your employees in terms of BPO and IT services? What are the breakups for this year?

Arvind Thakur: If I can provide that to you again End of this quarter we have 829 people in our BPO business.

Manik: 829 people?

Arvind Thakur: Yeah 829.

Manik: And the rest was in IT.

Arvind Thakur: Yeah.

Manik: That means there was reduction in BPO services.

Arvind Thakur: That is the reason why we are having increase in margin as well.

Manik: Okay. Okay. Thank You.

Moderator: Thank you very much sir. Participants are request to use only handsets while asking the questions. Next in line we have Mr. Alok Upadhyay from SBI Mutual Funds. Over to you sir.

Alok: Sir could you provide the percentage break between the fix price contracts and time and material basis contracts?

Arvind Thakur: I can give you an approximate number. It is a 45% for fixed price. Le me see if I can give you a little more exact number. 43% of fixed price.

Alok: Okay sir.

Moderator: Are you done with your question sir.

Alok: Yes I am done.

Moderator: Thank you. Next in line we have Mr. Ganesh Shetty. He is a private Investor. Over to you sir.

Ganesh: Congratulations sir for an excellent set of numbers.

Arvind Thakur: Thank you Ganesh.

Ganesh: Sir during the last conference call I had requested you to publish annual results in the month of May instead of June and I am very pleased to see it now. I once again thank you for the same sir.

Arvind Thakur: Yes Ganesh we listen to you.

Ganesh: Yeah. Sir I have a couple of questions for you that is regarding our India strategy. Are we able to penetrate domestic market especially in our focused area of operation. Is there any strategy planned for increasing domestic revenue which is 8% for now sir? Can you please comment regarding this?

Arvind Thakur: In fact our domestic revenues this year grew by 50%. So, we are very much focused in the domestic market, but we do a lot of business in the domestic market with the government and that is because of the very specialized business that we have around GIS. Besides GIS we have also done business with

a lot of paramilitary organizations, the CRPF, the BSF and so on, so we are very strongly positioned in those organization in the government and we will continue to do so. We have also focused a lot on the retail and manufacturing verticals and currently we are putting together plans to address the opportunity that is emerging in the aviation segment.

Ganesh: Yeah. My second question is regarding managed services, which you have recently launched and do you find any new customers in this particular area of operations sir?

Arvind Thakur: Indeed in fact managed Services has grown more than 100% for us in this year but of course of a small base. We added in fact customers in the US, which is new customer, which was important because we did not have a customer in the US in this business and it something that is extremely doing well for us.

Ganesh: Yea sir my third question is regarding ROOM Solutions, we have acquired 75% stake in the company and remaining 25% are we acquiring in future sir?

Arvind Thakur: We will be acquiring the balance 25% in October of this year.

Ganesh: Yeah. Thank you very much sir, and one more question regarding any consent for appreciating of rupee sir and how we can hedge our margin in appreciating the rupees scenario sir. Can you explain sir?

Arvind Thakur: Yes, in fact it is an industry concern you know any industry which is predominantly getting its revenues from overseas is concerned with the currency fluctuation. Fortunately for us most of our revenues are derived from the European geographies. So this quarter for example the total impact of the currency fluctuation was only 1% on our business. Going forward we have a hedging policies and we will continue to hedge against further fluctuations in the currency.

Ganesh: Thank you very much sir. Congratulations once again. Thank you very much.

Arvind Thakur: You are welcome Ganesh.

Moderator: Thank you very much sir. Next in line we have Mr. Ajay from India capital. Over to you sir.

Ajay: Thank you so much and congratulations on your great numbers. Just couple of questions. A follow up question on the ROOM Solutions revenue. Are the 313 million numbers you talked about are those standalone or including the offshore business of ROOM Solutions as well?

Arvind Thakur: No see let me explain again that is standalone those are the revenues which comes from the customers to ROOM Solutions and they do not include any other revenues.

Ajay: You also mentioned that you moved part of the ROOM Solution business which was going to other vendors to NIIT.

Arvind Thakur: That is an inter-company transfer that is not includes in our revenues.

Ajay: And how much what those numbers were approximately?

Arvind Thakur: That would be difficult to communicate. In fact thats internal so when you consolidate it gets knocked off.

Ajay: No I understand. Are those like tune of ROOM Solutions or half of that any sort of guidance there?

Arvind Thakur: You know it is like our subsidiary in the US offshoring to India. So what we really talk about are revenues that we earn from our customers, not revenues that we earn from our other subsidiaries.

Ajay: Also just a follow up question on that on you order intake side is 72 million in this quarter. How much of that that is part of this transfer of the business that was going from ROOM Solutions to other?

Arvind Thakur: Zero.

Ajay: So, this is purely a new business.

Arvind Thakur: Yeah absolutely. The business acquired and this is basically business committed by customers to NIIT.

Ajay: Sir at this time all the transfer from ROOM Solutions to other providers to NIIT completely done? Is it fair assessment?

Arvind Thakur: Yes.

Ajay: On your revenue what do you expect your and what is gross margin towards your SGNA in Q4?

Arvind Thakur: In Q4, SGNA I think is 19.43%,

Ajay: 19.43% and any split between sales and marketing as well as SGNA?

Arvind Thakur: Right now I have only the SGNA numbers.

Ajay: Okay so what do you expect for the SGNA numbers to be four quarter? How much leverage you think you will have?

Arvind Thakur: Well I think we will be always looking at a percentage point improvement every year and that is what we are aiming at going forward as well.

Ajay: Sure a quick question. Your tax rate was really low this quarter why was that?

Arvind Thakur: It was because of at the yearend you balance all the provisions that you have taken in the earlier quarters.

Ajay: But the provision from Japan you mentioned was in the other income right?

Arvind Thakur: That is a reversal.

Ajay: So that is not part of that?

Arvind Thakur: That is refund. Yeah that is not part of this.

Ajay: Tax rate in FY2007 was roughly 13% on an yearly basis.

Arvind Thakur: I would tend to feel we can sustain that

Ajay: How about depreciation? What do you think would be normalize depreciation you know once you will build your facility?

Arvind Thakur: I would tend to feel you can look at about 6% of revenues.

Ajay: Just in terms of your business, your order booking has been going up significantly over the last one year you know your order intake that is gone up 70% also from Q1 to Q4 what do you think has driven that? Any specific verticals, geographies?

Arvind Thakur: Yes, in fact most of the business is in the areas, you know that we have been focusing on.

Ajay: Sure. Do you expect the contribution of these businesses to go up or the areas to go up going forward?

Arvind Thakur: Two businesses we expect to increase substantially one is travel and transport and the other is the insurance.

Ajay: At this point any order in your pipe line or in your bookings do you have substantially some significant orders compared to what you are executing at this point in these verticals?

Arvind Thakur: Yes in fact we have some very good customers who have a lot of headroom because of large fortune 500 customers and they continue to give us business, we are also entering into the new accounts you know with the large airline for example which will be giving us the continuous business.

Ajay: And how large it will account at this point for you?

Arvind Thakur: How large means?

Ajay: Like million dollar, 2 million, 3 million where are you?

Arvind Thakur: We have two of our top 5 accounts from the airline segment. One of our top 5 accounts is the insurance space. Then we have a few million dollar accounts, which have the ability to scale then of course the entire ROOM Solutions business in the insurance space, so you know there is a lot of activity in the insurance and travels space.

Ajay: And is it possible to split this 72 million just like you are doing for your revenues right? You split your revenues by different verticals. Would you provide some kind of split there?

Arvind Thakur: I could do that you just give me a few minutes. You are just talking about the intake over here. So if I look at the intake of the 72 million, 23 million is in the BFS space, 21 million in the insurance space, 9 million is in the travels space, 8 million in the retail and manufacturing space and the balance is others.

Ajay: Okay. Also on the BPO side, what you expect as you know 2 years time you will double in revenues 6%-7% higher revenues. What do you expect operating margins to be on BPO side?

Arvind Thakur: As you know the last year what we said was that at the end of the year we should get our BPO business at an operating breakeven level. This year are going to bring it to an operating at the breakeven net level that is what we are intend to do. Our focus on the BPO activities we are basically nurturing this business to support us in providing integrating solutions.

Ajay: Okay.

Arvind Thakur: By itself as you will see it is not a very large business. It is only 6% of our business. It will play an important role when we start offering integrated services and which is going to be the way our customers are going to be looking for services in the future.

Ajay: Sure sir. Could you give us some examples of how these integrated services any case study, narrating and talk about.

Arvind Thakur: Let me share with you what we are doing for example in the banking space. In the banking space you know for banks to confirm to Basel II norms banking norms they focus a lot on operation risks. The key element of operation risk is managing the security environment of the network of a bank. So we have taken on that problem with financial institutions. So what we do here is we create the technology platform, which is done by our software business that is technology business to run agents and monitor networks. That is one part of the service and then using a BPO facility what we do is actually physically monitor the networks okay on the intrusions that were detected and generate reports for the bank. That is example of an integrated service.

Ajay: So, what part of with your BPO revenues are driven by the integrated services versus standalone?

Arvind Thakur: Right now minimal but this is the way business is going to be done in future.

Ajay: Are your sales-efforts today on BPO side? Are they focused on selling new standalone accounts or that is focused primarily on integrated services?

Arvind Thakur: They are focused on account in the industry segments that we are focusing on. Now we may enter these accounts through IT, then bringing BPO. Enter through BPO and bring in IT but the idea is to ultimately offer both services to these accounts.

Ajay: Also on Integrated services side you focus primarily on IT operations? That is how the thing you mentioned here is IT operation side?

Arvind Thakur: Not necessarily. Let us take another example which we did for an insurance company. There as you know you have to file FCC returns. Now there was one task which is technology dig deep into data bases get all the customer information and all the information to file the reports and this is technology task. When you create these reports you find many data elements missing. You can use your BPO facility to fill up that data through service. That is an example of an integrated service. So we take complete responsibility of filing the reports.

Ajay: Given that the integrated services offering might be evolving this kind of services provide, does they provide any challenge in terms of tasking or the lead times when you get new projects?

Arvind Thakur: Not really. I think the challenges are same as for you know services business in this industry. That is nothing extraordinary about this. The only prerequisite to do an integrated business is to have a deep understanding of the industry. The way the business is done not just technology. Industry focus is prerequisite.

Ajay: On your sales team side going forward say year out how many more people they expect to hire?

Arvind Thakur: What is total sales force? There are 60 people in our sales force right now. I think almost we have our full compliment of sales force. We may add may be another 5 or 10 at the most during the year.

Ajay: How many of these are in Europe?

Arvind Thakur: In Europe at least 20.

Ajay: European sales force is lot more productive than non-European?

Arvind Thakur: Actually the least productive are the APAC because we have a lot of people here. Because you know we have people distributed across different countries. So Europe and US has productive accounts, big accounts.

Ajay: Are you going to start publishing your P&L by geography?

Arvind Thakur: I do not think we intend to do that.

Ajay: Okay thanks. Thank you so much.

Arvind Thakur: You are welcome.

Moderator: Thank you very much sir. Next in line we have Mr. Ali from Emerging Solutions. Over to you sir.

Ali: Hi guys congrats on this quarter results. Couple of questions. Firstly wanted to see if you guys could elaborate little bit on Adecco JV in terms of when you guys plan to come back to us with your longer terms plans for JV and how you think about the relationship?

Arvind Thakur: Ali as you know, we concluded our understanding with Adecco in Q3 and in the last quarter we have been really focusing on incorporating the company which has happened. Now we have setup the offshore facility back end over here New Delhi and we are in process of getting it into an STP software technology park to get the tax benefits get out of exports from doing work in the country. So we are currently in the process of setting up the operations and we intend to get the organization up and going and running by 1st July of this year. That is the plan.

Ali: Any sense in terms of further potential of JV?

Arvind Thakur: Potential is huge Ali. I think as you know Adecco is fortune 500 company, $20 billion in revenue. So No. 1 is it is own internal requirements for IT are quite significant. But what we are really leveraging Adecco for is, gaining access to their customer base, you know which are fortune 100 and fortune 50 globally. And that is where we are looking for real scaling up of our business and operations. To do that we need to align the Adecco sales force to be able position with JV effectively with their customers and you know that is process of education and an integration that we will be working on throughout most of this quarter.

Ali: Got it. On a different note I wanted to come back to bill rates you guys mentioned and can you just go a little bit in terms of existing versus new clients and how the bill rates have changed and may be managed by geography if you could sort of just give some color on that?

Arvind Thakur: See our bill rates have remained more or less steady in the US and they are completely in line with the offshore bill rate that you see typically in the industry. Where we have seen improvement in bill rates have been in the other geographies. You know particularly in Europe as well as you know some of the Asia Pacific geographies. So that's why we are seeing improvement in business

Ali: That is sort of you know more down the lines 3%-5% rise and because of rising cost in India is that what you sort of coming back to the customer with? Or is it more demand function?

Arvind Thakur: I think its more a demand function. In the Europe they are more concerned about quality of delivery and risks associated with deliveries rather

than you know actual cost and pricing. Whereas I think in the US they are a little more focused on you know pitting one vendor with another to get the best bill rate. I think that is the nature of engagement between different geographies which is creating this differential in bill rates.

Ali: Okay perfect. Thanks so much.

Arvind Thakur: Welcome Ali.

Moderator: Thank you very much sir. Next in line we have Mr. Ashwin Mehta from Ambit Capital. Over to you sir.

Ashwin Mehta: Hi congratulations on good set of numbers. Just a few key book keeping questions. How much cash do we have on our books cash, debt, and receivable days if you can share?

Arvind Thakur: Yes certainly. Receivable days are at 77 days, cash is Rs. 2388 million, and debt is Rs. 793 million.

Ashwin Mehta: Okay in terms of our exchange rate realized what would have been our exchange rate realize for this quarter?

Arvind Thakur: We had a loss of 1%.

Ashwin Mehta: Okay 1%. In terms of inorganic moves like we said that we would be looking at acquisition in the range of $5-$80 million. What are the kind of areas that we are looking at right now?

Arvind Thakur: I think 5:80 was most figurative, it is not the size of acquisition which is important but the fit because the company has sufficiently strong balance sheet to leverage, you know size of acquisition in that range. What we are really looking at is something which we will enhance our capabilities in the areas that we are focusing on which are those 3 industry segments that I spoke about and I think as a byproduct it could also provide us with market access but the real thing is to see how do we create differentiated capabilities in our business through integration of another organization.

Ashwin Mehta: On Adecco JV when we say that we would be accessing the customer base of Adecco like we are looking at Adecco placing our people with their clients or how does that work?

Arvind Thakur: See that Adecco is in manpower services business. Actually the staffing business is what they do on their own but lot of their customers whom they service actually want offshoring capabilities not from staffing, ,but from solutioning that is wherethey will position us in the organization.

Ashwin Mehta: And in terms of these kind of opportunities the billing rates would be similar to what we have or these would be at slight discount as you give some share to Adecco. On that

Arvind Thakur: As a matter of fact our agreement is you know not add to margins on margins.

Ashwin Mehta: Fine. Thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Kashyap Desai from Enam Securities.

Kashyap Desai: Yeah your utilization rates have been inching up already at 83%. Do you think sustainable going forward?

Arvind Thakur: I think this is about the optimal level.

Kashyap Desai: Okay so going forward a kind of 80% is kind of level you can assume. Okay and so what was the attrition rate this time.

Arvind Thakur: 18.17%.

Kashyap Desai: So do you think 1000 people addition will be sufficient for order book and growth that you are seeing?

Arvind Thakur: Net 1000?

Kashyap Desai: Yeah Net. About 900 people this time net.

Arvind Thakur: I think we will certainly add more than 1000 people.

Kashyap Desai: And this is excluding whatever you do in Adecco as of now.

Arvind Thakur: That is right.

Kashyap Desai: Okay. Thanks a lot.

Moderator: Thank you very much sir. Next in line we have Mr. Gaurav Dua from Sharekhan.

Gaurav Dua: Yeah hello. Sir what is attrition rate?

Arvind Thakur: 18.17%.

Gaurav Dua: And our salary hikes will be due on.

Arvind Thakur: Will have our hikes in this quarter.

Gaurav Dua: What is the average hike that you have given?

Arvind Thakur: 16% offshore.

Gaurav Dua: 16% offshore and onsite?

Arvind Thakur: Onsite is marginal. 3 or 4%

Gaurav Dua: Okay sir.

Moderator: Thank you very much sir. Next in line we have Mr. Kumar from Brics Securities. Over to you sir. Mr. Kumar?

You can go ahead with you question sir.

Harmendra Gandhi: I am Harmendra Gandhi from Brics Securities. . I just want to ask you one question about the insurance vertical. What do you think are drivers for offshore in this vertical? We have seen big insurance companies that are announcing multi-vendor large Tier 1 vendors and consolidation of vendors happening in those companies. So where do you see NIIT positioning itself in such scenario.

Arvind Thakur: Yeah I think very clearly even large companies in the insurance space have recognized the value that we bring through a specialization and every large organization has multi-vendor strategies. So its not that they work with one company or set of companies they will have mix of service providers and we certainly would like to be part of that mix and you know with the focus, track record, the domain understanding and specialization that we have been able to build in the organization we compete very well in that space.

Harmendra Gandhi: Are your clients fortune 500 kind of customers in the insurance companies .

Arvind Thakur: Absolutely. ING for example is one of our large clients.

Harmendra Gandhi: What do you think there is a lot offshoring still to be done in insurance sector and what is driving this offshoring.

Arvind Thakur: In fact the reason why we got focused on insurance within the financial services space was that when I look at the entire space you know banking particularly retail banking is now very mature and in fact they have deep understand of technology and how to deploy it and they have all the relationships in place in terms of offshore vendors. On the other hand, insurance companies have been relatively more conservative and so we believe that whatever happened in the banking industry is likely to happen in the insurance space as well. So we will see the same kind of scaling and growth in insurance as we have seen in banking.

Harmendra Gandhi: So right now it is in the initial stages of offshoring, you can say that?

Arvind Thakur: I won't say initial but it is still maturing.

Harmendra Gandhi: Sir is there anything common between the vertical which you have selected insurance, banking and finance, travel and transport, and retail and manufacturing.

Arvind Thakur: The only thing common is that these spaces are relatively under penetrated like I just said finance services or the banking you know that space is very crowded. On the other hand retail is not that crowded because they have been relatively slower. Similarly if you look at Travel and transport has some very unique domain and technology requirement so you don't have everybody playing in that space. That is the reason why we have to do so well in that space because we are able build a domain as well as the industry specific technology capabilities.

Harmendra Gandhi: Okay. Thanks a lot.

Moderator: Thank you very much sir. Next in line we have Mr. Rohit from BNK securities. Over to you sir.

Rohit: Good evening sir.

Arvind Thakur: Good evening.

Rohit: Actually I wanted to know what would be the growth drivers and growth rates for Room Solutions revenue as well as margins for next 2 years?

Arvind Thakur: I think if you just look at the track record way they are going you will find easy to extrapolate and understand what will be the growth drivers.

Rohit: So what would be actually previously they have been growing at?

Arvind Thakur: I don't have numbers. May be I can help you with that Last quarter they were 313 Million and quarter before that they were I will pull out numbers for you, 297 Million. This looks for Q3. Q2 was 278 Million.

Rohit: So in the range of 300-350 we can see each quarter.

Arvind Thakur: Well I am just giving you data point for you to extrapolate.

Rohit: And margins roughly are around how many? What percentage Room Solutions?

Arvind Thakur: Margin is currently at 8% and with integration we will be improving their margins. With integration actually it is close to 17%.

Rohit: Okay. Does we have joint venture with Adecco so what is the cost of acquisition JV which we had invested in?

Arvind Thakur: No this is a joint venture where both partners have to make equity investments.

Rohit: So what would the figure around like?

Arvind Thakur: Total we have agreed to 3 Million Euros which means 50% will be from Adecco and 50% of that will be from NIIT technologies.

Rohit: What will be revenues from Adecco generated for next 2 years we expect?

Arvind Thakur: I will probebly get a better understanding once we get the JV operational.

Rohit: And sir Room Solutions. We have acquired 51% stake in first quarter and around 25% stake in September.

Arvind Thakur: That is right.

Rohit: So what is the acquisition cost for each trench of shares?

Arvind Thakur: Just a minute. 51% was acquired at 5.9 Million pounds, 24% acquired at 3.1 Million pounds.

Rohit: The balanced 25% will be acquired for how much roughly?

Arvind Thakur: That depends upon the performance.

Rohit: Sir we are building a facility in greater Noida? This offshore facility will it lead to lower rentals in our business.

Arvind Thakur: Ultimately yes.

Rohit: What is cost of building such facility?

Arvind Thakur: We have planned for 130 Crore in the first phase.

Rohit: And in how many phases do we plan to build?

Arvind Thakur: Three phases. First phase will be of 3500 people.

Rohit: How much people sir.

Arvind Thakur: 3500.

Rohit: Okay.

Arvind Thakur: The facility has ability to accommodate 12000 people.

Rohit: When can we expect such facility to be complete and operational?

Arvind Thakur: The first phase in about 18 months' time.

Rohit: 18 months from now?

Arvind Thakur: Yeah.

Rohit: And the remaining two phases sir. That would take how much time?

Arvind Thakur: That will be in the long term.

Rohit: Sir total revenues NIIT Technologies for 2 years could we have guidance?

Arvind Thakur: As you know we don't provide any guidance. We always ask you to look at track record and we are happy to share with you any data points to help you in your analysis.

Rohit: Sir how do we classify managed service in our business mix. Could you elaborate on the sameArvind Thakur: Manage services is approximately currently about 7% of our total business right now.

Rohit: No how do we classify the same. Do we classify on the IT solutions or under other?

Arvind Thakur: No, under IT solutions.

Rohit: IT solutions. This means that IT solutions is bifurcated into ADM and managed services. Am I correct?

Arvind Thakur: it is bifurcated into ADM. Room Solutions because Room Solutions is not exactly ADM, asset-based ADM. Then we have what we call as Enterprise Solutions such as package implementation and managed services.

Rohit: The third one is enterprise solutions?

Arvind Thakur: Enterprise solutions.

Rohit: Which include package implementations and manage services.

Arvind Thakur: That is right.

Rohit: Okay. Sir what is the capacity utilization which we are currently having and how do we conclude the same?

Arvind Thakur: This is 83%. What we do is we look at current capacity which means direct headcount and how much revenue can the direct headcount generate seeing that everybody is on billable assignments. That is the denominator and the numerator is the actual revenue that is generated.

Rohit: Sir in this budget there was no such major benefits which has been announced for IT industry so STPI being available to us for FY09 what tax rate do we see going forward and do we have any plans for SEZ?

Arvind Thakur: Yes in fact our campus that we are building that has been approved for SEZ so certainly I think going forward beyond 2009 we will take advantage of the benefits for the SEZ. to deal with transition. .

Rohit: And service tax on rental properties also will not be affecting us?

Arvind Thakur: In the short term, yes but I think once we move to our campus again there will be benefit we will get by moving into the campus.

Rohit: Thanks a lot sir and congratulations for the great results.

Moderator: Thank you very much sir. Next inline we have Ms. Balakrishnan from JP Morgan. Over to you madam.

Balakrishnan: Thank you all my questions have been answered in the past.

Moderator: Thank you so much madam. Next in line we have Mr. Atul from Tata Mutual Fund. Over to you sir.

Atul: Hello congratulations sir.

Arvind Thakur: Thank you.

Atul: I have question regarding net employee edition. Can you provide us the bifurcation between software solutions and BPO. What is the plan?

Arvind Thakur: For this quarter?

Atul: For next year you guided 1000 net addition, employee addition.

Arvind Thakur: No I was just giving you general comment on the net addition; I don't have specific number in mind.

Atul: Okay and can you provide us update on NIIT GIS business for employees and client with them

Arvind Thakur: Okay let me see. You want some details on how much business we are doing there?

Atul: Yeah and number of employees and clients in the GIS subsidiary.

Arvind Thakur: GIS revenues for the quarter were 139 Million and basically in this business we service a lot of government clients, there are typically state agencies, forest departments, Municipal Corporation, you know anything that requires geo-special data that is domestically. There is also international service business that we do which is also of similar nature. We also provide service to organizations engaged in power and telecommunications again wherever there is geo- spatial data required.

Atul: Thanks sir.

Arvind Thakur: You are welcome.

Moderator: Thank you very much sir. Next in line we have Shrinath from Motilal Oswal. Over to you sir.

Niren Parekh: Hello. Sir this is Niren Parekh from Motilal Oswal. Sir most of my questions have been answered. Just a usual quarterly question to Mr. Pawar. Anything coming up on NIIT Ltd view on the 25% held in NIIT Tech.

Pawar: We talk it on NIIT discussion.

Niren **Parekh: Okay. That is it from my side sir. Thanks and all the best.**

Moderator: Thank you very much sir. Next in line we have Mr. Ruchit Mehta from HSBC. Over to you sir.

Ruchit Mehta: On the attrition side, are you able to manage in the 18% level or do you think it is becoming a bit of a trouble in the industry?

Arvind Thakur: I think we are fairly consistent at 18% if we can manage it between 18 and 20% is good at this point in time looking situation in the industry.

Ruchit Mehta: Early in the calls you mentioned that you are getting billing rates improvement towards Europe but are we seeing actual increase in the billing rates

Arvind Thakur: Yes.
Ruchit Mehta: What would that be. Could you quantify that business
Arvind Thakur: No on the US part in fact it is fairly steady. There is improvement but I would say may be 0.5%.

Ruchit Mehta: Okay and do we expect to improve that going forward into fiscal 08?

Arvind Thakur: I think so because you know billing pressures are easing and customers also understand that there are costs which are increasing and as you know the scale players in the industry are continuously announcing hikes in the bill rates. I have seen TCS for example talking about 3-5% average increase and 10% with new customers and so on and all that is easing the billing pressure.

Ruchit Mehta: Just from the hedging policy can you guess what are the outstanding amount of hedge that you had you at the end of the quarter? At what rate and how does the rupee dollar impact on your business significant earnings coming in from Europe. So normally percentage point it should shave 30-40 of the margins. How does it affect your margins?

Arvind Thakur: I don't have calculation unfortunately but typically our policy is to hedge 100% for current quarter, 60% in the next quarter, and 30-30 in the balance two quarters.

Ruchit Mehta: Can you give the hedge of the end of Q4. Do you have number?

Arvind Thakur: I think it will be tune of 30 Million.

Ruchit Mehta: on tax rate rates one would be accounting tax you have but what will actual be the tax on cash basis.

Arvind Thakur: One sec, let me just turn to our CFO. He is trying to get number for you do you have another question?

Ruchit Mehta: Just on Room Solutions where do you see Room margins stabilizing over a 2-3 years time frame and would you like them to revert to the NIIT organic business margins of about 24-25%. Is that possible and what time frame one would expect that?

Arvind Thakur: I think you have seen steady improvement in margins this year, quarter-on-quarter, currently they are about 17% which is very very encouraging because you know they are operating in a very specialized area which is commercial insurance so they are not subjective to same price pressure that the rest of the industry is. There is a lot of specialization involved. So I think we can look towards their margin improving first.

Arvind Thakur: 17 would be on blended basis along with NIIT Tech. So on standalone basis it could improve to say about 13-14%. On standalone basis. This if it was 17-25% it would go to about say 30-40%.

Arvind Thakur: I would think so.

Ruchit Mehta: On BPO front how do you see growth going forward in the business? Do you think BPO will outpace the company as whole considering slog basis and focus to go with them?

Arvind Thakur: I think like I said BPO business is not a sales, it is the business nurturing to provide integrated solutions and so it will grow at the same rate of the company.

Ruchit Mehta: Okay that is fine. Just on the depreciation policy you mentioned about 6% of revenue should be expected for this FY08?

Arvind Thakur: I would say that would be a good assumption.

Ruchit Mehta: Margins can potentially improve percentage point year going forward as well.

Arvind Thakur: Looking at the track record, you know that will be my expectations.

Ruchit Mehta:: Do we have any ESOP outstanding and what is the policy on FBT are you passing it on to the employees?

Arvind Thakur: we are still studying.

Ruchit Mehta:: But what is the total quantum ESOP of outstanding as of date?

Arvind Thakur: Nothing as of date.

Ruchit Mehta: No ESOPs. Yeah okay. Thank you.

V.K Thandani: The answer is there was an earlier ESOP plan which is not completely exercised so all have been vested and those exercise may take place
.

Ruchit Mehta: Okay.

Moderator: Thank you very much sir. Next in line Mr. Ajay from India Capital. Over to you sir.

Ajay: Hi. Just couple of following questions about Adecco JV. In terms of talking about outsourcing from Adecco, have you identified any areas to target and what do you think would be the scope of that?

Arvind Thakur: Yes in fact as we are talking we have already acquired one customer.

Ajay: Who is a customer of Adecco.

Arvind Thakur: Who is the customer of Adecco.

Ajay: Okay.

Arvind Thakur: So hopefully when we get our business operation in July we should also have customers supporting that activity. So that is a good sign. Already doing internal work for Adecco, building the internal application and JV gets operationalized you know that work in that team will get transferred to this JV

Ajay: When I look at Adecco revenue rates are up 25 Billion, 26 Billion per year, 5% IT spend so looking out of that 3% software spend services, so looking at something like 100 million plus IT spend at Adecco. Actually close to probably billion IT spend at Adecco. What do you think can your IT services part from Adecco could look like how large it expected out to be?

Arvind Thakur: That is what exciting about this JV. But I think we will have to sit with the CIO and really identify areas that we want to offshore because you know when you are looking at those kind of numbers everything is not off-shoreable. So you just view it as another large fortune 500 company and you know ability to convince their CIO to move the business offshore is the only limitation because the arrangement is exclusive. If they have to offshore they have to offshore with us

Ajay: Any idea at this point in the steady state when we they are not looking at _ offshore any more how large this could be.

Arvind Thakur: Not at the moment .

Ajay: Also you talked about one account that you got with Adecco who is Adecco customer now in the go to market is only your sales team involved or Adecco sales .team involved as well.

Arvind Thakur: No in fact it is only the Adecco sales team and our pre sales team.

Ajay: Now because of that what do you expect margins on this business to be

Arvind Thakur: At the end of the day it is 50-50% joint venture. Overall profits made are shared equally. So the basic concept is not to have margin on margins. Whatever margins are made we share equally.

Ajay: If I look at the JV entity if you look at P&L would those margins be, any higher than what your otherwise margins are because sales effort will be lower. Adecco will not be charging the sales effort that.

Arvind Thakur: No sales effort is exactly low because the pre sales effort will be JVs cost so the only advantage that we have is that the our pre sales person does not have to prospect if he goes along with the sales person of Adecco in to those account.

Ajay: Yeah but even that is some cost saving right. Not really.

Arvind Thakur: Not really.

Ajay: Just one more questions on your. You said ESOPs are vested but not exercised. How much are they, how many ESOPs are vested but not exercised.

V.K Thandani: we don't have the number right now. It could be a small number.

Ajay: Less than half a million.

V.K Thandani: Will send it to you separately

Ajay: Okay. Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Ashwin Mehta from Ambit Capital.

Ashwin Mehta: Just followup on the Adecco JV. In terms of internal work which would get transferred to this JV how substantial is that?

Arvind Thakur: Yeah that is what I was explaining to the earlier caller that is a dialog we still haven't had with their CIO . In fact they have new CIO so you know he needs to be educated.

Ashwin Mehta: No as in the internal work that we have already started to work with Adecco on which would get transferred to the JV, JV being 50-50 would we be compensated for that or is it not that substantial.

Arvind Thakur: No not that substantial.

Ashwin Mehta: Okay thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Nitin Jain from IDBI capital. Over to you sir.

Nitin Jain: Hi congratulation on good set of numbers. Most of my questions have been answered. I just have few questions. Any colors on DTSA tie up any updates on that on DB system partnerships.

Arvind Thakur: Okay DTSA as you know the tie up was to use their solutions in to others and offer them to other government _. I think we have made very good progress, don"t have a sale as yet but pipeline is good and we want to change that model a little bit as you know the model was to provide the solution and implement it but it seems that what it likely to work more is an offering which is as ASP offering . That is how we are creating and hopefully we should find some success with that offering.

Nitin Jain: what is ASP?

Arvind Thakur: Application service provider. This is own software that you buy a software as service.

Nitin Jain: Great and DB systems .

Arvind Thakur: DB has kicked off We have initiative work with them in software factory in Bangalore. First couple of projects have already started coming in

Nitin Jain: when.

Arvind Thakur: This has started happening from last quarter itself.

Nitin Jain: Q3?

Arvind Thakur: Q4.

Nitin Jain: how much can you please be able to?

Arvind Thakur: We would not be in a position to disclose the amount because , We have just started the business.

Nitin Jain: Okay perfect. You said that dollar depreciation in fact will be around 1%. Right.

Arvind Thakur: Not dollar depreciation, overall impact would be around 1% on Q4.

Nitin Jain: For the year it will be around?

Arvind Thakur: For the year is also 1%.

Nitin Jain: You just said that you have funded the acquisition by 5.9 GBP and 3.1 GBP Room acquisition.

Arvind Thakur: Yes yes.

Nitin Jain: And balance you would be funding with with internal acquisition as well as the debt.

Arvind Thakur: Yeah that is right.

Nitin Jain: And the prospective acquisition?

Arvind Thakur: Also same method.

Nitin Jain: Same method?

Arvind Thakur: Yeah.

Nitin Jain: so the proportion would be more towards debt or the internal approvals .

Arvind Thakur: I think that depends upon size anddepends on various things. We will leverage both cash as well as the balance sheet to do.Nitin Jain: Can we expect 1% improvement in PAT margin growing forward probably for the next 2-3 years I am talking about.

Arvind Thakur: Our plans certainly would like that to happen.

Nitin Jain: Okay thanks a lot.

Moderator: Thank you very much sir. Participants who wish to ask questions kindly press *1 on your telephone keypad. I repeat, participants who wish to ask questions kindly press *1 on your telephone keypad. Next in line we have Mr. Sheshadri from ABN AMRO. Over to you sir.

Sheshadri: Hi. Most of my questions have been answered. I have just one. Could you breakup the other income of 56 Million into may be individual components of interest expense income and may be the other income.

Arvind Thakur: Just hold on. We take this as the last question now. Should I give you for the year or you want it for quarter.

Sheshadri: the quarter would be sufficient.

Arvind Thakur: I have for the year if you want, let me see if I can pull out for the quarter okay income from mutual fund is 24.5 Million, difference in exchange rate is 5 Million.

Sheshadri: That is the other income

Arvind Thakur: Then other long non operating income is balance

Sheshadri: How much would be the interest expense for this quarter?

Arvind Thakur: Interest expense is 12.6 Million, income is 11.6 Million. Net Income is 11.6 and expense is 12.6.

Sheshadri: Okay thank you very much.

Arvind Thakur: You are welcome.

Moderator: Thank you very much sir. At this moment I would like to handover this floor back to Mr. Arvind Thakur for the final remarks. Over to you sir.

Arvind Thakur: Thank you. I would just like to end by thanking all of you for all the support and the suggestions that you have provided throughout the year in enabling us to organize ourselves and get focused and making sure that we deliver results as we did in this particular year. I think with the company now having crossed 200 million mark we have achieved the critical size to become visible and we hope that visibility will help us in growing the business further as we go forward. Thank you very much once again for participating in this call. We will look forward to your continued support.

Moderator: Thank you very much sir. Ladies and gentleman thank you for choosing the WebEx conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice evening.