“Hexaware Technologies Limited Earnings Conference Call”

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MANAGEMENT: MR. R. SRIKRISHNA – CHIEF EXECUTIVE OFFICER, HEXAWARE TECHNOLOGIES LIMITED
MR. ASHOK HARRIS – PRESIDENT - GLOBAL DELIVERY, HEXAWARE TECHNOLOGIES LIMITED
MR. RAJESH KANANI – CHIEF FINANCIAL OFFICER, HEXAWARE TECHNOLOGIES LIMITED
MS. LATIKA GIDWANI – ASSISTANT VICE PRESIDENT, HEXAWARE TECHNOLOGIES LIMITED

Moderator: Good Day Ladies and Gentlemen and Welcome to the Hexaware Technologies Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Latika Gidwani from Hexaware Technologies Limited. Thank you and over to you, Madam.

Latika Gidwani: Thank you, Margaret. Good Evening everyone, Welcome to the Hexaware conference call. From Hexaware, we have with us Mr. R Srikrishna, CEO; Mr. Ashok Harris, President of Global Delivery, and Mr. Rajesh Kanani, CFO. The safe harbor statement is available on the Hexaware website and I shall take that as read. We will run you through a presentation which you can see through the WebEx. This presentation is also getting uploaded on the Hexaware website in a couple of minutes. With that, I hand over to you, Keech.

R Srikrishna: Hi, Good evening everyone, thank you for attending, I know it is a bit of a crazy evening for our industry, many people seem to have picked the same date and same time to have investor call. For those of you that have seen slides off-line, we are on slide four, we had actually pretty good quarter. In our view, our revenues were in line with what we expected it to be and what we had guided to that it will be a slow growth quarter because of reasons that we have been through before and I will touch on it again later in the conversation. That was good news on the revenue front given all the headwinds we had with a couple of customers, but we actually had a really outstanding quarter from a profitability perspective. It was actually a little bit ahead of where we expected it to be, so that is very good.

Our growth rate even though the revenue was kind of what it is, about 0.9% sequential growth, on a YoY basis, it is too solid growth. It is about 13.5% YoY growth which in a quarter with some headwinds we think is extremely credible and extremely good for our future. If you look at all the metrics, the YoY growth is extremely solid, so EBITDA after we saw again grew at, but EBITDA whether it is before or after, we saw both grew about 11.5% and PAT and EPS actually grew in high 20s, 26%-27% which is of course aided by some Forex gains and also improved ETR, and we will talk more on ETR later in the day. The revenue increase came almost entirely from volume. There is 0.9% volume expansion and then there were two other factors that virtually cancelled each other out, cross currency gains and some pricing headwinds canceled each other out and the volume gains essentially translated to revenue growth.

From a gross margin perspective, again for those of you that are looking at the slides off-line, we are on slide six, you can see a walk there. There are kind of three or four factors that were important. On the positive side, we do not have the H1B Visa cost which was there last quarter. While it is positive from a QoQ perspective, it is neutral from a YoY perspective, so when you look at our YoY growth, the same factor would have been there last year too and we still have very solid YoY growth. The other kind of, the bunch of miscellaneous kind of savings in direct cost which is under other savings for us, from a headwind they were a couple of important ones, calendar was a headwind even for revenue, so the 0.9% volume growth is after a calendar headwind on volume and so the calendar headwind of about 20 BPS on gross margin. There is also partial wage increase impact, you will see the full impact in Q4.

Partial impact is because we have a standard release, some people get in August, some in September and some in October, so you see a partial impact here and that is about 15 BPS of impact that was there in the current quarter and then there were some other small ones. While you see later that the overall utilization has dropped, which is in line with what I have been saying now for couple of quarters that we want to see utilization come down a little bit to improve our rapid fulfillment posture, notwithstanding that actually there was a little bit gain from utilization because the on-site utilization went up and offshore is where we have kind of starting to buildup a little more of a bench. There has been healthy movement in top 20 customers, there is a churn. Again, like has been through in the past quarters, the churn is as a result not because there are customers dropping off and revenues coming down, it is more because actually there are newer customers whose growth is faster or even older customers some of whom are growing faster to now get into the top 20.

We presented a customer pyramid, but really, I want to spend some time talking about both client concentration and growth, but we have presented a new cut which we will do consistently going forward, so we have our top five clients degrowing quarter-on-quarter close to minus 5% and then top 20 going down by 1.1%, top 10 going down by 2.1%. As a consequence, then, client concentration has come down, which we think is a positive for the long-term in that concentration of the top of the pyramid coming down is good for us. However, while you see that while the numbers will show that the growth is negative across the board for each of the top five, 10, and 20, if you peel down a little bit then you get a completely different story, so the new data that we presented is top five clients, next five clients and the next 10 clients. What you would see in that is that the top five obviously is going down on a quarter-on-quarter basis. It is still growing on a year-on-year basis albeit slowly at 5.3%, but the real positive thing for us is that the next five clients grew quarter-on-quarter at 10.5% and year-on-year at 58%.

The next 10 clients grew quarter-on-quarter at 12.6 and year-on-year at 31.2, so essentially outside of the two clients on which we have given enough commentary in the past and I will talk a little more about it again later, but outside of those two, our book of business is extremely robust and outside the top five, the rest of the clients are growing extremely well. We won $43 million of NN deals this quarter that takes our total NN for the year to about little under 110. We are well positioned to exceed or certainly meet the NN numbers that we did last year. Last year, if you recall was about 155 million was the NN TCV and last year again if you recall, the big bump happened in Q4 and that we think will largely be a consistent pattern, a lot of customers tend to want to make decisions in the end of the year and get things signed, so that they can see value during the next fiscal year.

I will talk of couple of the deals, I said we will also give you commentary on how much of this is fixed scope in that you will see all of it translate to revenues for sure versus how much of it is intend to spend which may or may not result translate to 100% revenue. The good news is, in this quarter virtually 100% of the revenues are of the nature and there is a small one which is not, but I say virtually, but more than 90% of the revenues are of the fixed scope, which means you will see this translate into revenue in roughly a four-year period, there are some three-year deals, some five-year deals here. Interestingly, the portion of deals, actually even the number of deals on Grow Digital, is higher than in Shrink IT for us. On Shrink IT, one example I will take is a full IT outsourcing contracting for a manufacturing company. They do electronic parts manufacturing and like I said that is fixed scope contract, it will translate for sure into revenues completely.

On the digital side, I want to pick a very interesting example. For those of you that attended our analyst's meet in August, we were talking about what we think will be the next fast-growing service line for us in customer experience transformation and customer experience transformation had multiple components. It had chatbots, voice bots, AR and VR, and since then we have also added vision AI to that repertoire, so we got our first two customers in this quarter on that and where we are using in these two customers in one, this is for a public utility where customers can reach the utility to complain or find out about water quality, smell, test issues through a chat bot. The second one is to use chatbots and Augmented Reality for an imaging and electronics company, and the used case there is both customer service but also pre-sales especially the AR/VR used cases are for pre-sales. They have large expensive equipment which are tough to transport, expensive to take for demos, and instead we are going to build a mechanism that will allow their sales people to use AR and VR to do life-like demos pretty much anywhere without spending the capital or the expense on investing in demo equipment and getting it to the client's places.

The chatbots is more for customer service, post-sales service, so these are small at this point but, yet they are exciting in that it is very quick proof points for us that we have a viable service and we continue to be excited that this will be the important growth driver for a number of years for us. I also want to talk for a minute because I know there will be many questions around it on the state of our pipeline, so the wins whatever the 43 million has not altered our pipeline and there is also of course wins on the existing client side that we do not report, but all the wins that have flown through and some losses has not dented our pipeline which continues to be strong and robust and like I said, there is a reasonable confidence that we will end the year on NN booking at least doing as much as we did last year.

Our employee metrics from an attrition perspective continue to trend positively, it has flattened out but still come down a little bit. Our LTM for Q3 attrition was 13.7%. Our utilization notched down a tab about 110 basis points; it went from 80.8 last quarter down to 79.7 which was desirable and planned for us. It had a positive impact on profitability because of on-site utilization went up a tad, so if you see the margins QoQ walk, you will see that is a net positive utilization. Our goal is to bring this down a little bit more. We think it will improve our ability to service demand. We are going to quickly talk about a variety of cuts of growth. APAC continues to lead geographic growth, it is actually on a runway path, I mean pretty substantial growth to 20% QoQ, 68% YoY. If you recall now this 20% is on the back of another similar quarter last quarter, so it has just been really solid growth. In fact, it has now not way behind Europe in this total business and we expect to see sustained solid growth from APAC.

Europe we have said, it has turned the corner and it has done well QoQ 2.5%, 1Y close to 12% and we expect to see actually even more increase momentum in the Europe going forward. North America went down for the first time since I have been here in the last 13 quarters and that is directly the result of those two customers, all those revenues were from North America. I want to go back to the new booking and mention one other aspect. One of the new clients we booked this quarter is a Baring portfolio company. There have been questions in the past about whether we see an opportunity to sell into the Baring portfolio and what I said is that in the past historically their ownership in the size of the firm that they invested in have been smaller, however, that is changing, and the newer funds are bigger and are hence investing in larger companies and hence we will start seeing opportunities for doing business in the Baring portfolio company. This is one that we booked this quarter and actually we do see a number of more opportunities that could emerge from that channel for us.

Back to where the growth came from a vertical perspective, H&I this quarter delivered the maximum growth. From a YoY perspective, banking continues to lead growth close to 19% YoY growth even though this quarter was only at 1%. You will see Travel & Transportation, Manufacturing & consumer and others have come down and this is directly as a result of those two clients, each one of them is in these sectors, so one is in T&T, the other is in the others segment. From a service line perspective, IMS continues to be the fastest growing, they had close to 3.5% quarter-on-quarter growth, remember this is on back of an extremely high quarter-on-quarter growth last quarter. YoY is close to 50% still, BPO is still our second fastest growing although it is notched on a tad YoY to 21, but we expect to see that going up again pretty rapidly back into the 30s and ADM has been our third fastest growing service line and that continues to be so, and that is important because it is our single largest by far service line.

Finally, I want to provide an update on guidance. The revenue for the full year last quarter we said we are upping the guidance to 14% to 15%. At this stage, we believe we will be in the upper end of that guidance when we finish the year, so we certainly will meet this guidance, but will also be in the upper end of this guidance. EBITDA for the full year, we have said that the EBITDA growth in absolute terms will be in line with the revenue growth, so we said the revenue growth is 14% to 15%, we said the EBITDA will also grow 14% to 15%, put differently we had said our full-year EBITDA percentage will be the same as the full year EBITDA percentage for FY '16, however, we have consistently kind of outperformed that number and at this stage, we are saying we are upping the guidance for EBITDA. We are saying that our EBITDA growth post-ESOP will be 16.5% to 17.5%, and actually on a pre-ESOP basis the growth is even faster, you will see that we have taken much higher charge in ESOP this year than we did last year, so pre-ESOP underlying business EBITDA would be at least 1.5 percentage higher than this, so we upped the EBITDA post-ESOP to 16.5% to 17.5%.

Q4, really there is no change in outlook from what we said last quarter, but I am just reiterating it here. The two customers that we spoke about both had partial impact in Q3, they will have full impact in Q4, but notwithstanding that we still expect to have close to double digit YoY growth in Q4. With that I am going to hand over to Rajesh for a little more commentary on our financials.

Rajesh Kanani: Thank you, Keech. I will give the finance update now. I will start with revenue and then come to balance sheet. Revenue, as you know, our growth has been 0.9%, constant currency growth has been 0.4% on QoQ basis and 13.3% on YoY basis. INR revenue growth has been 1% and QoQ growth was 9.8%. I will come to the outstanding hedge position on slide 17. You see the breakup, USD-INR, we have 153 million hedge at an average rate of 71.38%, which is quite good. Euro-INR 3.9 million, GB-INR 7.5 million, so the rates are very good and fantastic and that is our we see Forex gain and loss in the next PPT slide 18. Q4 ’17, we will have 1.63 million as the gain and Q1 at 1.38 million. We have assumed INR rate of 65.285. If we look at the balance sheet updates cash and cash equivalents, we have $70.73 million, in rupee terms, 4617 million.

We have been doing well in DSO, our DSO is 47 days without unbilled and with unbilled revenue, it is 72 days. We have declared dividend of Rs. 1 per share and dividend payout is likely to be 5.5 million, in rupee terms, 357.1 million. Our ETR has been at 19% this quarter versus 22.9 last quarter. There has been one-time reductions have come, one in US and we had losses in Risk Tech which on merger I think we got some amount of losses which is adjusted here. Our underlying ETR at 21.6%, our CAPEX has been $3.65 million in Q3 2017, with that YTD CAPEX spend has been $12.6 million. With that, I will hand over to Margaret for question and answer session.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Apurva Prasad from HDFC Securities. Please go ahead.

Apurva Prasad: My first question pertaining Enterprise Solutions, considering the efforts we are putting to revive this horizontal, if you could throw some color in terms of how that is tracking?

R Srikrishna: The investments we are making including all the change of leadership is still kind of early for it to show in results, however, there is substantially increased momentum that we have seen in terms of increased pipeline, I think we will go through that progression increased pipeline, increased booking, and then better revenue performance, but we are in that first stage of increased pipeline already; however, this quarter and the next quarter, there is going to be lot of noise and data, which will kind of make it hard for you to see this because the two accounts, one of them actually has a fair bit of enterprise sales, and that is not true just for ES, between these two accounts outside of BPS, all other service lines will have an impact, coming from these two accounts. One of them is actually reasonable quantity of ES business and that, so that is why you are seeing the numbers that you did that there is a slight contraction in ES business, but we are seeing strong momentum from pipeline build, otherwise.

Apurva Prasad: Also earlier you deluded to cloud deals, the size of these deals increasing, any color on that, how that is trending really?

R Srikrishna: The question of cloud is not if for any client, it is a question of how and when and how fast, so every client is going to wind up essentially having two kinds of programs. One program which is focused on how do you take your existing set of applications and find a way to move them to cloud, some of them could be transformed applications into SAAS essentially get rid of let us say PeopleSoft put it on Workday, so that is one set of programs. The second set is that how do I start building new applications differently that they can be deployed in cloud natively that you do not need to then go through another migration exercise, but when we finish building them that they will get built to be cloud ready. I think both of these are happening in some form or shape in virtually every client and we think that it will continue for many years.

Moderator: Thank you. The next question is from the line of Madhu Babu from Prabhudas Lilladher. Please go ahead.

Madhu Babu: Sir, despite wage hikes, our margins have been very strong, and the guidance implies again that next quarter also margins are likely to be stable on a quarter-on-quarter basis, so what are the levels which are exactly helping here?

R Srikrishna: Till now utilization has been the most important one and we have said there will be some gradual and slow SG&A leverage that has been happening for all but this quarter, this quarter actually, there was an increase in SG&A, 27 BPS increase in SG&A spend. It is a very conscious in some marketing and some addition in sales and leadership positions, but that will continue otherwise that some amount of SG&A leverage you will see coming quarter-on-quarter.

Madhu Babu: Was there any pyramid correction, Sir?

R Srikrishna: No.

Madhu Babu: Second on the new service line we launched last quarter, I mean in analyst meet we talked about on the compliance and audit side, we have started a new practice to tap deals, so how is the progress over there?

R Srikrishna: It is not compliance, it really is a new vertical called Professional Services Vertical, I think you are referring to that. We would actually start reporting on PS Vertical numbers starting Q1 next year, we just do not want to muddy the data in middle of the year, but the commentary there is very similar to what I said about ES, the progression will be increased pipeline to increase booking to increased revenue, so that is actually happening there, but PS Vertical is perhaps a little bit further ahead than ES in that there is one other client that has already been acquired during the course of this year and there may be one more client. We certainly have a pipeline that will close, one way or the other in Q4 for another deal in the PS Vertical, so early momentum is good.

Madhu Babu: Sir, in the top account baring the quantum which is going to go to another vendor, so the other portion of business that would remain stable right?

R Srikrishna: That will not remain stable, that will grow.

Moderator: Thank you. The next question is from the line of Sandeep Shah from CIMB India. Please go ahead.

Sandeep Shah: Just wanted to understand about the financial services or capital market, what has led to the tepid growth in this quarter because the two accounts where we had a client specific issue are outside of this vertical?

R Srikrishna: Certainly, it was nothing to do with those client specifics, there is nothing to call out, just some postponed projects and slow ramp up in new projects, but nothing that we see worthwhile calling out as a trend or change in direction. Q4 historically has been a little bit soft quarter for that vertical in that the furloughs are max in that vertical for us, but outside the furlough impact we will expect to see a volume growth in Q4 for this business.

Sandeep Shah: Sir, based on your clients' interaction across verticals what is your sense about the next year, I am asking more on qualitative rather than quantitative, you believe that directionally the spend release or the deal signings could be better versus CY '17?

R Srikrishna: I actually do not see a reason for a material change positively or negatively. Earlier this year, there was a little bit of a release post election. If there are tax reforms that free up that is going to put more cash in the hands of our customers, that could lead to a spurt some of that additional money could wind up finding its way to IT projects, but outside of that I do not kind of see a change positively or negatively. There is nothing that has changed, all the changes are happening out slow, long term, I do not see kind of quarterly or even yearly shifts majorly in any of the long-term trends, whether it is the move to digital, whether it is automation in commodity and BPO, nothing has changed.

Sandeep Shah: Just follow up, if we look at your new business booking, this year may have a high single digit kind of a YoY growth, so do you believe this may lead down to a slowdown in growth momentum next year or you believe that we should not read, there could be other deals not captured in the new business, new TCV wins?

R Srikrishna: The latter comment is correct that there are businesses in EN that is not captured here that is not reported here. While we did kind of report on losses in existing clients, we never speak about wins and you are seeing that our next client number six to 10, client number 11 to 20 are galloping in growth and I gave you the number so that means we are doing very well on winning new business and expanding our market share in those accounts.

Sandeep Shah: Just a bookkeeping, within our existing account even a new business win is not captured in the TCV declared?

R Srikrishna: Correct, only if it is a new account, it is captured in the TCV declared.

Sandeep Shah: Last question, if I look into 4Q CY '17 margin guidance, it looks like flat to 50 to 70 BPS improvement on a QoQ basis and if we recollect your comments in the analyst meet, your intent is to keep the margin stable while invest more into the business for the growth, so you believe now this could be a new normal on which you want to enter CY '18, what I am saying is CY '18 margin would be based on 4Q CY '17 margin or you believe on a more CY '17 margin basis you want to enter CY '18?

R Srikrishna: Two things, first is I am not quite sure how you came to that conclusion, obviously you did some numbers very quickly, but I am not sure about how you reached the conclusion that this will mean a margin expansion from Q3 to Q4 on percentage, so just do that number again. I do not want to say more than what we have already said. Our total EBITDA for the year post ESOP will grow between 16.5% to 17.5% and the math should not be hard, you have the first three quarters data, but the second question is more kind of Germaine in that, do we see our more recent quarter margins as the baseline for next year. Yes and No, as in I will not base it on the current the more recent quarters, but I would base it on the full year of '17. Every year, there are some little bit of cyclical variations across quarters, Q1 and Q4 tend to be little worse, middle of the year tends to be better and so I will not base it on any one quarter, but rather on the full year which is what we said this year also, we said this year the full year margins will be the same as the full year margins last year and if you recall our Q3 and even Q4 last year were much higher, we did not say that will be the run rate for next year, we said it will be the full year numbers. We did outperform, we did do better than that and so while we are still early to talk about guidance for next year, the start point to think about will be full year rather than quarterly numbers.

Moderator: Thank you. The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Just want to check your comment on 4Q, does it include the impact of furlough or do you think furlough could have an additional impact over and above what you have guided for?

R Srikrishna: It includes the impact of furloughs.

Gaurav Rateria: Secondly, just a question on margins, you have added capacity at the offshore, your headcount has increased, your overall utilization has come down, your on-site mix and revenues have actually increased despite that margins have been pretty good, so is there any like one-off cost cutting which has happened which may not be sustainable over the coming quarters?

R Srikrishna: No, there is no one-off cost cutting. Look at it, we have increased headcount, we have hired, we have paid a wage increase, those are the biggest cost elements right there.

Gaurav Rateria: Last question from me on the two client specific issues, do you expect that to fully get sorted in the fourth quarter and growth should pick up from first quarter onwards, is that the right way to look at it?

R Srikrishna: That is correct.

Moderator: Thank you. The next question is from the line of Deepesh Mehta from SBICAP Securities. Please go ahead.

Deepesh Mehta: Sir, just two questions, one is about the margin guidance, when we say we expect year to be 16.5% to 17.5% kind of growth rate, we are referring to dollar numbers or rupee numbers?

R Srikrishna: Dollar numbers.

Deepesh Mehta: About when we expect full-year kind of impact on Q4 of two client weakness, do you expect any pressure on margin because of those things and whether we benefitted any things in this quarter on account of these two clients?

R Srikrishna: The margin impact of those two clients going away is included in the guidance we set, both the revenue and margin impact is included in the update to the guidance that we will do the upper end of the revenue and we will do better than what we have been saying in the past on margin. Has there been a benefit from those clients this quarter, not particularly, nothing worthwhile calling out. There could be some release happened one day and we get revenue for one more. The small things like that, but nothing material to call out.

Deepesh Mehta: These two specific clients I think earlier you indicated about recovery, so I just want to get clarity, we expect these two clients to grow from Q1 or you expect rest of the business to recover kind of?

R Srikrishna: Let me kind of go over the two clients again. Client one which we announced way back in the beginning of the year, we said they are going to in-source a good chunk of the business, actually we do IT and engineering. We said IT was the vast majority of what we do and we said IT they will in-source and as of today that in-sourcing is complete, so that client the remaining book of business is relatively small, maybe that will grow, but it is not going to be in the top five. The second one that we announced last quarter was that we lost a portion of business in a consolidation effort and that consolidation effort as we speak, I mean that revenue attrition is complete as we speak right now, so it has been completely transitioned out, so we do not have any revenues from that project as we speak. Net of that, we will expect to see quarter-on-quarter growth, so all the other book of business that we do, we expect to see QoQ growth from that client, and they will continue to remain in our top five.

Moderator: Thank you. The next question is from the line of Madhu Babu from Prabhudas Lilladher. Please go ahead.

Madhu Babu: Sir, APAC has been driving growth for last two to three quarters, so which is the geography and what are the kind of deals?

R Srikrishna: We are only in three geographies in APAC, we are in Australia, New Zealand, Hong Kong, Singapore, and India, that is it and even in India we are very selective. There are only two vertical sector we address, BFSI and e-commerce, so it is actually, there is not a lot more to narrow it down, but of these then Australia is new, we are just starting off in Australia, so really the growth is from the other two geographies, Hong Kong, Singapore, and in India.

Madhu Babu: Fairly to assume that India has driven the growth this quarter increment?

R Srikrishna: India has given not all of it, but a good portion of it.

Madhu Babu: On the tax rate, what would be the tax rate guidance for the next coming quarters?

Rajesh Kanani: We have given guidance of 21.6 as the underlying tax guidance.

Madhu Babu: For next year, CY '18?

Rajesh Kanani: CY '18, we will give next quarter when we do the budgeting, but it will be somewhere around that. Next quarter, we are seeing underlying will be somewhere around 21.5 to 22.

Madhu Babu: Sir, in Shrink IT deals, are we getting deals in India geography also from this Shrink IT team in IMS and BPO?

R Srikrishna: Yes, we are.

Moderator: Thank you. The next question is from the line of Abhishek S from Equirus Securities. Please go ahead.

Abhishek S: Sir, just a bookkeeping question, in terms of the last business from a top five client, the increase in impact which you highlighted in the review presentation, is that the portion of revenue that we lost, is this the right way to look at it or probably can you kind of highlighted the lost any business?

R Srikrishna: I am not sure I fully follow the question, but let me answer it on the assumption. We spoke about for this client we said there will be an incremental impact of 2.5% to 3% in 2018, so that is not the total loss. The total loss that is the sum that we lost this quarter, there will be more we will lose in Q4 and then over and above that, there is an incremental loss from a full year perspective after 3% because this year we got full revenues in H1 and partial revenues in Q3 and we will lose in Q4, so from a full year perspective there is an additional overhang as a result of the fact that we will not get revenue for the full year next year, so that is the 2.5% to 3%.

Moderator: Thank you. The next question is from the line of Sandeep Shah from CIMB India. Please go ahead.

Sandeep Shah: Sir, just one broader question on the infrastructure management side, some of your large peers are giving a mixed outlook, some are positive, the larger vendors are not so greatly positive about the deal signing on a larger size of the deals, what is your experience and if you can give us both in terms of first time outsourcing as well as in terms of renewal deal pipelines?

R Srikrishna: The narrative from larger vendors than us is going to remain different because our strategy is to attempt to create a market share shift from them to us. Anytime their deal comes for renewal, it is going to create a loss in revenue for them whether they keep it or they lose it, so if they have 100, that 100 is going to go down to 70 or to 0. For us, it may be 0, which is neutral or we may get that 70 which is positive.

Sandeep Shah: In terms of number of deals momentum signing, decision-making from the client side any kind of a change on a QoQ basis or a YoY?

R Srikrishna: No, we do not see it, but I think we do not currently kind of play in the market player the deals are in the not the 100 million range, we have a few kind of moon shot deals in the pipeline, but we do not consistently even attempt to go after that market size today. We will get there in a year or two, but what we do know is that that market size has become smaller, you do not find deals of that size anymore, certainly not new deals, you say may see some renewal deals, but like I said in renewal what happens, the outcome for incumbents is either 100 to 70 or 100 to 0, both are not good outcomes.

Sandeep Shah: What is your sweet spot in the IMS and what it used to be one year back and where are you targeting going forward?

R Srikrishna: Right now, I would say 25 to 50 is kind of a good spot for us, is a sport where we feel our winnability is pretty good. I would say in a two-year timeframe, we will be more consistently in $100 million deals.

Moderator: Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to Mr. R Srikrishna for closing comments.

R Srikrishna: Thank you all of you and look forward to talking to you next quarter again.

Moderator: Thank you. On behalf of Hexaware Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.