



**Geometric Limited**

**Conference Call Transcript**

**January 22, 2010**

**Moderator:** Good evening ladies and gentlemen. I am Gopal, moderator for this conference. Welcome to the quarterly results conference call of Geometric Limited. At this moment, all participants are in listen-only mode. Later, we will conduct a question and answer session; at that time, if you have a question, please press star (\*) and one (1) on your telephone key pad. Please note this conference is recorded. I would now like to hand over the conference to Ms. Bhavana Shah from Geometric Limited.

**Ms. Bhavana Shah:** Thank you Gopal. Good evening everybody and welcome to Geometric Q3 FY10 analyst call. We have with us today Mr. Ravishankar G., Managing Director & CEO; Mr. Raja Ramana Macha, Chief Operating Officer; and Ms. Priya Jadhav, Vice President, Finance. At this moment, I would like to handover the floor to Mr. Ravishankar, for the opening remarks.

**Mr. G Ravishankar:** Thank you Bhavana. Good evening everyone and thank you for joining us on this call. Last quarter, we changed the format of the presentation and accordingly, we had sent out a presentation to all of you, and received a very good feedback from you. We have incorporated some of those changes, and hope you all like the presentation. If there are any further feedbacks that you would like to share with us, please feel free to send it to us. Before we open up the sessions for questions, I would like to give a brief summary outlining the happenings in this quarter. First and foremost, our top line in this quarter increased moderately by about 2.2%, which is kind of expected for Q3, because of the holidays in the US region. Most importantly in this quarter, unlike the previous year, products, which used to contribute more revenue in typically, the third quarter of a year, saw a decline in the revenues. This year, products actually dropped by about 7%, quarter on quarter, and 10%, year over year. This was the other reason for the decrease in revenues that we are witnessing in this quarter or a moderate growth in this quarter. While in percentage terms, the revenue grew, the growth is low as per our expectation. This is also partly contributed by the softness in the manufacturing and industrial customers.

We expect that as and when the budgets get finalized, maybe in the month of February, the off take from the first quarter of the next financials should improve. Many customers have been clearly engaging in discussions with respect to the kind of project and work we can do with them. So, overall we think that the market is turning for the positive; but I would rather wait for another quarter, before we can clearly say that we will be turning around in terms of our revenue growth.

On the operating margins, as I explained to you a couple of quarters back, we set on a path to change the way we do business; our operating structure was changed. All these things were done with an emphasis to increase the efficiencies - delivery and operating efficiencies; therefore, the contribution margin has gone up. I am very happy to say that, our delivery efficiencies and productivity has improved. As a result, even with a declining rupee, or an appreciating rupee in this quarter, you will see the operating margins have been holding on steady. One reason for a marginal drop in the operating margins in terms of percentage points is the decline in the growth of product business, which, as you all know, is a straight contributor to the bottom line. So, any reduction in revenue there, impacts our bottom line directly. But we hope that the products business has reached its lowest point, and the next quarter onwards, it will show an increasing trend. The head wind in this quarter for us was mostly in the form of the appreciating rupee. But as you all know, Geometric follows the concept of hedging for the next twelve months through forward contract. We have been following this policy consistently, and we do our accounting based upon the cash flow basis recommended by the Institute of Chartered Accountants of India. Therefore, the profit or losses associated with the forward contract also get recognized in the same period. So, because of this forward contract policy, which we have been following regularly, our operating profits, other incomes was higher or much better than the previous quarter, and definitely significantly better than the previous year. The operating profits with other incomes also increased significantly, and the head winds that we faced because of the appreciating rupee, we were able to manage. The next important factor that we have been discussing with you all is the profitability in Modern Engineering. As we set out in the beginning of this year, we would like to end the year on a breakeven note. But again in this quarter, because of the holidays in the month of November and December, the revenues were lower than what we had anticipated. Also, because of the holidays, we had to pay people for the holidays as well - the profit margins were lower. However, the net income from Modern Engineering was at negative USD 320,000, a loss of USD 320,000 as against USD 380,000 that we saw in Q2. We will continue our efforts on improving and turning around the Modern Engineering operation; I am sure we will be able to see an improved performance in the next quarter, and hopefully we will be able to end the year on a breakeven note.

There are many other improvements that we have been doing in our operations. We run much tighter operations now, and therefore, when we enter Q4, we have a higher degree of optimism in the US engineering, coming out of the red or at least in a breakeven note. In this quarter, we also had improved offerings and our new order position was also better. We were able to clock in about USD 7.2 million of new order, which is comparable to Q2, but significantly better than what we had in Q1. In Q2, the order book that we won was about USD 24 million, but that included one large order that we got for USD 17 million from one of the customers in Europe. So, if I exclude that, the order position has been very consistent in the last couple of quarters. Hopefully with the budgets getting finalized and getting into a new year, our order books should improve. We have been able to add ten new customers in this quarter. Our European closures have been better, much better than what we have seen in the past. The focus on new offerings and the closeness with which we are able to operate with the customers at this stage, has been able to get us the kind of improvement that we are seeing in this quarter. Also we used this recession period to train our employees a sales course on the new way of selling; and all this, I am sure, will be able to bear us the results as we move into the next year.

To sum up, before we move into the question and answer session, the quality of the engagements that we have been winning has been significantly better than the past. The realizations that we are getting in this quarter and in the recent past has significantly improved. Our productivity in the offshore has been improving significantly, and I am sure with the tightening of operations and the measures that we are taking the US engineering operations, in the next couple of quarters, will also turn from a loss situation to a breakeven to a profitable situation. As you all know, we launched a new product called DFMPPro in the previous year, and that has been encouraged by or welcomed by our customers significantly. They have all been very positive about the product, and I am sure, with the New Year, we will be able to clock in more revenues from the product; I think that will be a real successful product. All these are clearly encouraging signs as we see, and it is really the result of the conscious efforts that we have been taking in the last two quarters. I am sure, with the next year, our performance will be much better, than what we have been having in this year; and we will clearly be on the growth path. With this, I would like to move to the question and answer session. Lastly, Mr. Raja Ramana Macha will come back with his closing remarks.

**Moderator:** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press star (\*) and one (1) on your telephone key pad; and wait for your turn to ask the question. If your question has been answered before your turn, and you wish to withdraw your request, you may do so by pressing the hash (#) key.

Our first question comes from, Mr. Ruchit Mehta from HSBC Asset Management.

**Mr. Ruchit Mehta, HSBC Asset Management:** Hi, good evening. Just wanted to check, even your utilization is around 80%-85% plus. Are we having too fine, to believe that whenever the growth momentum recovers you would need to build in some bit of bench or a slack to take advantage of that? And, even if given the way the wage hikes are happening in the industry, what's the sense of that?

**Mr. G Ravishankar:** Right. If you see our utilization today, it is close to about 90%. But the key factor is we will have to split this business into three parts. One, the US operations, where the utilization is much closer to 100%, because we don't ideally carry any bench there and the utilization is about 96%-97%. Two, in the product development phase in India, again the utilization is much higher, and therefore overall our utilization being at 90% is not something which is very alarming at this stage. However, when we are recruiting new people in this year, we would be recruiting people at the trainee level, and we will be training them to the regular operating level.

**Mr. Ruchit Mehta, HSBC Asset Management:** Okay. You said that you have seen some signs of improvement in the business environment. By when do you think you might be able to come back to a stage wherein you are clocking investor level growth rate? When one looks at the larger boys here, excluding BFSI, where we are not present, the growth has been decent in the kind of vertical that you would probably focus upon, say in

manufacturing and automotive. So when do you think, you would recover back to those kinds of levels or even better?

**Mr. G Ravishankar:** I think it'll be in the next financial year, because at this point in time, most of our customers are in the process of finalizing their budget. Therefore, there is a clear decision that is yet to emerge; and we expect that to happen sometime in February, and post that we should see growth happening in the kind of verticals that we operate in.

**Mr. Ruchit Mehta, HSBC Asset Management:** Any early indications of what budgets are looking like for next year?

**Mr. G Ravishankar:** Not yet. But, as we have been mentioning in the last couple of quarters as well, there has been increased engagements with the customers and there has been lot of enquiries so on and so forth.

**Mr. Ruchit Mehta, HSBC Asset Management:** Okay. Just finally, on the balance sheet, what is the debt now? Because there's been no further reduction of interest cost as well; and what would be cash position?

**Mr. G Ravishankar:** Right. At the end of this quarter, we are kind of debt free, I would say. Because, in our case, cash is higher than the loan funds that we have. We have about Rs. 307 million of loans at the end of this quarter; and the cash that we have is about Rs. 340-350 million.

**Mr. Ruchit Mehta, HSBC Asset Management:** And this loan would include the foreign currency and everything?

**Mr. G Ravishankar:** Yes, everything.

**Mr. Ruchit Mehta, HSBC Asset Management:** Okay, great. Thank you so much.

**Mr. G Ravishankar:** Thank you.

**Moderator:** Next question comes from Mr. Neerav Dalal from Capital Market.

**Mr. Neerav Dalal, Capital Market:** Good evening sir. Sir, I have two questions. One is - I wanted the breakup of the other incomes.

**Mr. G Ravishankar:** Yeah, one second. It is there in the handout that we sent out, but let me check - in slide seven it is there. Investment income is about Rs. 4.63 million; FX gain is about Rs. 46 million, and rest of it - the sale of assets and others.

**Mr. Neerav Dalal, Capital Market:** Yeah, sorry. I got it. I wanted to know the reason for the drop in the product revenues for the quarter.

**Mr. G Ravishankar:** Yeah, normally as I said, during this part of the year, we have higher revenue from Products; because, typically, as this is the year-end, people like to use their budgets. But, unlike in the past, the manufacturing and the industrial verticals, they have not yet recovered, and typically, in product business you'll see a lag. So we hope that this is the bottom of the recession as far as the product business is concerned, and hopefully from the next quarter it should start picking up.

**Mr. Neerav Dalal, Capital Market:** So, have you set a target for product revenues?

**Mr. G Ravishankar:** No; ideally, we would like products to be around 7% to 10% of our total revenues.

**Mr. Neerav Dalal, Capital Market:** Okay right sir. Thanks a lot.

**Mr. G Ravishankar:** Thank you.

**Moderator:** Next question comes from Mr. Vinay Bhandari from Enam Direct.

**Mr. Vinay Bhandari, Enam Direct:** Hi sir. Just wanted to ask you whether customers like GM and Caterpillar have started giving you order on a normal pace or what? Because, earlier I guess, they have a plant shutdown, which in order to reduce their variable expenses. So how are those companies placed right now, in terms of execution and giving orders and all?

**Mr. Raja Ramana Macha:** Yeah, this is Raja Ramana here. Customers like Caterpillar and General Motors, did have plant shutdown earlier, and especially in Q2. In Q3 as well, they continued with their policy of plant shutdown, especially in and around the holidays. But the number of days that the plants shutdown was lower than what was there in the Q2, and it was relatively anticipated. Now, going forward in Q4 and the rest of the year, the plant shutdowns will be very similar to what was happening in the normal times earlier. It's not going to be a greater at this point of time as we go on.

**Mr. Vinay Bhandari, Enam Direct:** Sir, what is the normal time for a plant shutdown like, 30-40 days or what? I just wanted to have a view on that.

**Mr. Raja Ramana Macha:** It's not that high. It is usually about two weeks.

**Mr. Vinay Bhandari, Enam Direct:** Two weeks. And in this Q3, what was the number of days?

**Mr. Raja Ramana Macha:** Q3, GM shutdown four days.

**Mr. Vinay Bhandari, Enam Direct:** GM was shutdown four days?

**Mr. Raja Ramana Macha:** Yeah, four days in addition to the holidays.

**Mr. Vinay Bhandari, Enam Direct:** Okay, okay fine. Thank you sir.

**Moderator:** Next question comes from Mr. Ankit Shah from B&K Securities.

**Mr. Ankit Shah, B&K Securities:** Good evening sir. Sir, I just wanted to know regarding the tax rate. Sir, in this quarter, you have taken some tax in the loss on deferred taxes. So what can we assume going forward for the next quarter, for the next year?

**Mr. G Ravishankar:** Yeah, I think from this year, one of our subsidiaries 3DPLM is in MAT, and Geometric's Indian operations will also continue to be in the MAT. Therefore, the overall tax rates, if we have to include all our subsidiaries and the other taxes that we pay, will be about 5%-6% range. I don't see this rate changing in the next year as such.

**Mr. Ankit Shah, B&K Securities:** Okay, so we will be maintaining that similar kind of levels for FY11 also.

**Mr. G Ravishankar:** That's correct.

**Mr. Ankit Shah, B&K Securities:** And sir, in terms of the hiring plans, what are we planning for the next quarter, and the next year going forward?

**Mr. G Ravishankar:** Now, all our hirings are always on need basis. And we don't kind of give guidance on the kind of numbers that we do.

**Mr. Ankit Shah, B&K Securities:** Okay. And sir, any wage hike that we have already given in the last quarter?

**Mr. G Ravishankar:** Not yet. But in this year, we have restored back the variable pay cut that we had in the previous year. But the wage revisions of this coming year will be decided from the end of March.

**Mr. Ankit Shah, B&K Securities:** Okay. Next in terms of the loan repayment. Sir, we have seen a sharp decline in your loan repayment by around Rs. 400 million, but if I see the cash has reduced by only Rs. 134 million and investment has decreased by Rs. 80 million. So the rest of the loan has been repaid by what? The two figures are not tallying.

**Mr. G Ravishankar:** Which two figures, which page are you seeing? Slide number 26?

**Mr. Ankit Shah, B&K Securities:** Sir, just one minute. Slide number 26, right. Sir, in the loan funds, the loans have decreased from Rs. 704 million to approximately Rs. 308 million in this quarter, right?

**Mr. G Ravishankar:** Yeah, correct.

**Mr. Ankit Shah, B&K Securities:** Sir, I wanted to know what kind of, how have you repaid that loan through cash and some investments or some other?

**Mr. G Ravishankar:** Yeah. So if you see investments, the liquid investments were about Rs. 327 million in the previous quarter, that's about Rs. 193 million. That and some amount of cash that we generated out.

**Mr. Ankit Shah, B&K Securities:** But sir, that will still be around Rs. 214 million.

**Mr. G Ravishankar:** No, if you see the loans, loan has come down by about Rs. 400 million, investments have come down by about Rs. 130 million or so, and cash and bank has come down by about 80 million, the rest what cash we generated during this quarter.

**Mr. Ankit Shah, B&K Securities:** Okay sir. Sir, in your summary, you have mentioned that you have benefited from the offshore leverage in terms of the efforts, which has gone up. But if I see, your offshore revenue has seen a decline in this quarter as compared to the last quarter? That is in page number 7.

**Mr. G Ravishankar:** Yeah, right. Raja will explain to you that.

**Mr. Raja Ramana Macha:** Offshore, when we say offshore, it is both offsite plus offshore. While we have an increase in the effort on the offshore, offshore plus offsite, the greater number of effort increases in the offsite. That reflects a slightly lower revenue, but it is a better margin business.

**Mr. Ankit Shah, B&K Securities:** Sir, we have also seen some amount of pricing decline in this quarter, for your offshore projects?

**Mr. G Ravishankar:** No.

**Mr. Ankit Shah, B&K Securities:** So pricing has been stabilized now.

**Mr. G Ravishankar:** Yes, correct. But if you see typically, the offsite rates are lower than the offshore rates. That's the reason.

**Mr. Ankit Shah, B&K Securities:** Okay. Sir, what all operating levers do we have to maintain the EBITDA margins currently? Because as we see that utilization is somewhat operating at peak, so even the rupee is now appreciating, so how are we planning to maintain this levels of EBITDA?

**Mr. G Ravishankar:** Correct. From a rupee perspective, we have hedged this year, more or less; I think we should be optimal this year. We will also continue to follow a similar policy and that's one of the levers that we have that will be taken care off. The second one is our focus has been continuously on increasing the productivity within our operations. So, we know that utilization cannot grow up, go up beyond this point. But that offers us a lot of avenues in terms of the tools and the techniques that we use. So therefore, improving productivity and realization in our business are something, which we can clearly work on, which will be the focus going forward.

**Mr. Ankit Shah, B&K Securities:** Sir, realization means you are working on pricing part, right?

**Mr. G Ravishankar:** Right.

**Mr. Ankit Shah, B&K Securities:** Okay. So we see an increase in pricing going forward? Maybe from FY 11, if not from the next quarter, immediate.

**Mr. G Ravishankar:** Correct. At least the new engagement that we win will be coming at a better price.

**Mr. Ankit Shah, B&K Securities:** Okay sir. Thanks a lot.

**Moderator:** Next question comes from Mr. Sangam Iyer from Alpha Advisors.

**Mr. Sangam Iyer, Alpha Advisors:** Yeah. Good evening sir. Actually I just missed the early part of the call, so I am sorry to repeat the question, if it's already been answered. I just wanted to get your outlook on the various segments, like the PLM, and engineering services segments, based on the, now that already December is over, most of your clients would have finalized the budget etc. How do you see these segments faring going forward, considering that most of your peers, etc. are indicating that the worse is behind us?

**Mr. G Ravishankar:** Okay. We just had the discussion on that. If I divide the revenues into services and products, products is something which declined in this quarter, but we hope that we have reached the lowest as far as the products is concerned. Therefore, we should be able to improve our revenues in the product category. In terms of service, the customers have not finalized their budget as yet, so we expect that to happen sometime in mid-February. By the end of February, I think we will be in a better position to know as to what their funds are going to be, and hence, what kind of revenues we will be able to generate in the next year. Our focus in the service business has been to engage with our top customers to ensure that we can work with them much deeper, and mostly do cross selling and up selling, and therefore, get the revenues. So, that is going to be our focus, and all our offering generations, etc. will be based on that.

**Mr. Sangam Iyer, Alpha Advisors:** Sir, on say that assumption, based on the current interaction with the clients and the way the things have been progressing, next year we should see a pretty strong uptake in your both product and services segments, as compared to what we saw in FY 10?

**Mr. G Ravishankar:** Yes, hopefully. Because, the discussions that we have been having with the customers are in terms of the services that they would like to engage with us in, or the kind of offerings that they are interested in, have been encouraging so far. But, one key thing is that in the absence of budgets getting finalized, it is going to be very difficult at this stage for us to predict what it is going to be in the next year.

**Mr. Sangam Iyer, Alpha Advisors:** Right. I agree, okay, that's fine sir. On the shutdowns that we had discussed earlier, which were there for the second quarter and the third quarters, I mean September and December quarter, are there any further indications of any plant shutdowns or anything, for the coming quarters?

**Mr. Raja Ramana Macha:** Not in the coming quarter. Sometime in July, there is a regular shutdown that General Motors, around July 4th. That is part of their normal shutdown every year.

**Mr. Sangam Iyer, Alpha Advisors:** Yeah, nothing unforeseen like what happened in the December?

**Mr. G Ravishankar:** Correct. Not in January, February, March, but the January holidays; couple of holidays in January will be the only shutdown in this period, apart from the fact that February is going to have lesser number of days.

**Mr. Sangam Iyer, Alpha Advisors:** Alright. Okay sir. Thanks a lot sir.

**Moderator:** Next is a follow up question by Mr. Neerav Dalal from Capital Market.

**Mr. Neerav Dalal, Capital Market:** Sir, I just wanted an outlook on the fourth quarter, would it be similar along the third quarter, if you take the product business?

**Mr. G Ravishankar:** We don't normally give guidelines.

**Mr. Neerav Dalal, Capital Market:** Okay. Thank you sir.

**Moderator:** Next is a follow up question by Mr. Vinay Bhandari from Enam Direct.

**Mr. Vinay Bhandari, Enam Direct:** Sir, what are the current billing rates at PLM?

**Mr. G Ravishankar:** Depending upon the project, depending upon the complexity, the average rate varies between 30 and 40.

**Mr. Vinay Bhandari, Enam Direct:** Sorry?

**Mr. G Ravishankar:** Between USD 30 an hour to USD 40 an hour.

**Mr. Vinay Bhandari, Enam Direct:** USD 30. Sir, would it be possible for you give me on per month per person basis?

**Mr. G Ravishankar:** It will be between 50 and 55 to USD 65,000 per annum.

**Mr. Vinay Bhandari, Enam Direct:** USD 55,000 to USD 60,000 per annum?

**Mr. G Ravishankar:** USD 55,000 to USD 65,000.

**Mr. Vinay Bhandari, Enam Direct:** Okay sir. And the number of head counts in PLMS currently, sir?

**Mr. G Ravishankar:** If you see slide number 22, we have given the number of FTE by business there.

**Mr. Vinay Bhandari, Enam Direct:** Okay. Sorry, I missed on that. Tax rate sir, what would be our effective tax rate for FY 10, sir?

**Mr. G Ravishankar:** Roughly about 5%-6%.

**Mr. Vinay Bhandari, Enam Direct:** 5%-6%. And going forward, sir?

**Mr. G Ravishankar:** Next year also, it should be 5% to 6%.

**Mr. Vinay Bhandari, Enam Direct:** On a consolidated basis sir; on a consol basis?

**Mr. G Ravishankar:** Yeah, on a consol basis.

**Mr. Vinay Bhandari, Enam Direct:** Okay sir. Thank you so much.

**Mr. G Ravishankar:** Thank you.

**Moderator:** Next is a follow up question by Mr. Ankit Shah from B&K Securities.

**Mr. Ankit Shah, B&K Securities:** Just a follow up question regarding, sir, you mentioned that you are looking at restructuring your Modern Engineering business in USA. Can you just throw a light on that? What kind of restructuring are we planning? Because with regards to, it doesn't still breakeven, what is the cost of investment this quarter?

**Mr. G Ravishankar:** No. Restructuring of our Modern Engineering, the acquired engineering services is something which we started at the beginning of this year, which was to do away with the projects, where we were not earning enough margins, and focus only on those projects that we make money in and which give us value addition. Therefore, if you see the last year's revenue and this year's revenue, we dropped significantly. We used to do about USD 34-35 million of revenue a year, in the previous year; from there, we expect to do about USD 18 to 20 million of revenue only this year. Last year, because of the high - though the revenue was high, because the mix of the revenues, the kind of the revenue that we had, we made a loss of about USD 4 million. This year, till Q3, we are close to about a million dollars of loss only. So, because of these kinds of changes that we did to our business operations there, we have been able to reduce our losses, and we would like to end the year on a breakeven note for the fourth quarter.

**Mr. Ankit Shah, B&K Securities:** Sir, breakeven in terms of your operating levels or at the profit levels, are we talking about?

**Mr. G Ravishankar:** At the operating levels and if possible at the net income level. Our first option is to do at the operating levels.

**Mr. Ankit Shah, B&K Securities:** Okay. One more question in terms of, sir, like we have seen, an increase in the travel expenses both in your cost of revenues and in the sales and marketing thing, so, do we expect an increase in the engineering expenses going forward from this quarter?

**Mr. G Ravishankar:** I don't think so. Because, last quarter was very critical, because, most of the customers were finalizing the budgets and so we had to do a lot of workshops and meetings with our customer. Therefore, there was an increase in the travel expenses. Also, we had some training session scheduled for our global sales guys. So these were the reasons for the increase in the travel expenses.

**Mr. Ankit Shah, B&K Securities:** So we are expecting the engineering expenses...

**Mr. G Ravishankar:** The percentage is more or less at the same level, similar level.

**Mr. Ankit Shah, B&K Securities:** Similar level. So we are expecting the margins to be in the range of around 17 to 18%?

**Mr. G Ravishankar:** When you say margins...

**Mr. Ankit Shah, B&K Securities:** The EBITDA margins.

**Mr. G Ravishankar:** Yeah, should be around that. Our endeavor is to be around that level.

**Mr. Ankit Shah, B&K Securities:** Okay sir, thanks a lot.

**Mr. G Ravishankar:** Thank you.

**Moderator:** Ladies and gentlemen, to ask a question, please press star (\*) and one (1) on your telephone keypad.

There are no further questions; now I handover the floor to Mr. G. Ravishankar for closing comments.

**Mr. Raja Ramana Macha:** Yeah, this is Raja Ramana here, and I will be doing the closing comments today. Couple of things that I would like to highlight is from an operations perspective; clearly on the sales front, we have made changes. Not only have we made changes within our sales force, but also increased the sales force. We have had a focused training to improve the competency of the sales force; this is something that we have done over the last quarter. We believe that this kind of training is very important to improve the efficiency of our sales force as well. On the operations, in terms of delivery, we continue to run a very tight ship and all the direct and indirect expenses are fully controlled at this point of time. That is also resulting in an overall improvement in the operational efficiency. Focusing on the new, and developing a set of methodologies, that will help us deliver better, has been a focus area both in the last quarter and in the couple of quarters earlier. Those in terms of implementation are reaching solution at this point of time, and we should give better results going forward, in terms of operational efficiencies. We have also increased focus on improving AMSD, so that we do more of AMSD, which are annuity in nature and our focus has been to increase projects rather than staffing model. So these are the changes that we have brought about and with this, with these changes, we have also managed to secure businesses in US segments, from the existing segments, as well as managed to expand within the existing customer base that we have, both through cross sell as well as up sell. Introduction of newer offerings, both in the US engineering operations as well as in the Indian operations, have helped us move into territories that were earlier not so pure-play, traditional product design kind of an area. So, those are the areas that have helped us improve our penetration into the existing customers, as well as helped us bag a newer set of customers. We do see some signs of economic recovery and I believe that going forward, as the economies open up, we are currently positioned pretty well both from an European market as well as US market, to be able to exploit that. Thank you so much for your time.

**Moderator:** Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now.

Thank you, have a pleasant evening.

**END**