



“KPIT Technologies Limited Q2 FY 2020 Earnings Conference Call”

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**MANAGEMENT:**            **MR. KISHOR PATIL – CO-FOUNDER, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR, KPIT TECHNOLOGIES LIMITED**  
**MR. SACHIN TIKEKAR – PRESIDENT & BOARD MEMBER, KPIT TECHNOLOGIES LIMITED**  
**MR. VINIT TEREDESAI – CHIEF FINANCIAL OFFICER, KPIT TECHNOLOGIES LIMITED**  
**MR. SUNIL PHANSALKAR – ASSISTANT VICE PRESIDENT & HEAD IR, KPIT TECHNOLOGIES LIMITED**

**MODERATOR:**            **MR. RAHUL JAIN – DOLAT CAPITAL MARKETS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to KPIT Technologies Limited Q2 FY 2020 Earnings Conference Call, hosted by Dolat Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Jain from Dolat Capital. Thank you and over to you, sir.

**Rahul Jain:** Thank you, Steven. Good evening, everyone. On behalf of Dolat capital. I would like to thank KPIT Technologies for giving us the opportunity to host this call. And now I would like to hand the conference over to Mr. Sunil Kandalkar who is AVP and Head IR at KPIT to do the management introduction. Thank you, Sunil. Over to you.

**Sunil Phansalkar:** Thanks, Rahul. Good evening and a very warm welcome to everybody on the Q2 FY20 Earnings Call of KPIT Technologies Limited. I take this opportunity to wish you, your family and loved ones a very happy healthy and safe Diwali. I hope all of you have received our investor update and have been able to go through it.

On the call today we have Kishor Patil – Co-founder, CEO and MD, KPIT. We have Sachin Tikekar – President and Board Member, we have Vinit Teredesai – CFO. So, as always, we will have the initial comments on the performance by Mr. Kishor Patil and then we will have the floor open for your questions.

Thank you once again for being on the call. And now I will hand this over to Mr. Patil.

**Kishor Patil:**

Good afternoon. I am very happy to take you through highlights for the quarter two. We had a robust growth performance during this quarter with 17% year-on-year growth, 7% in constant currency on quarter-on-quarter basis. Most of this growth, has come through the T25, our strategic customers which grew by 10% sequentially. The growth has been overall and across practices and across regions. USA leading the growth, followed by Europe and then Asia. So, we are very happy with the overall all around growth performance during this quarter.

In terms of cash, we had a very solid quarter. The DSO came down to 67 days from 82 days. The net cash is Rs. 204 crores from Rs. 181 crores. And this is post dividend and post increments which we had during the quarter. We continued to make investments into the practices and that is very important to us and we continued with those investments. In addition to that, we made above average wage hikes which had a gross impact of 3.1% on the profitability, which was, I would say, that this was a decision we took that we will go significantly above the normal rates in order to really be net creator of the talent in line with our goal to be the best place to grow for our employees. And we are very happy to say that and very proud to say that our attrition during the quarter is one of the lowest we had in our history.

In terms of profitability, there has been a slight decline in the profitability in line with our expectation. It is due to, as I mentioned, the wage hikes. More than half of that impact was compensated by growth and rupee depreciation. The net profit showed an increase of 17% sequentially, so EPS has gone up 17% sequentially. That is mainly on two, three grounds. One is the tax rate, I think our tax rate has come down, and effective tax rate will continue to be around 20% as compared to around 23%-24% in the past. One-off items, there were a few. We

divested our defense business which gave us certain one-time income, at the same time, on the BirlaSoft shares which are held in our employee stock option, we had a Rs. 6.3 crores of marked-to-market negative impact.

Overall, we would say that the growth environment remains very positive. In between, we had Investor Conference and we have put this presentation, investor presentation, on our website. We had talked about a couple of things. One, a very strong technology spends by automotive companies in spite of decline in the sales of cars. We experience the same growth environment going forward. When we go into H2, we see opportunity to improve our profitability from here because of the growth, operational efficiency and mix of revenues. So with this, we believe that we will be in the same range as we have talked about in terms of growth numbers, as well as EBITDA Margins and the resultant EPS with those EBITDA margins, at the end of the year. Thank you.

**Moderator:** Should we open the floor for Q&A?

**Sunil Phansalkar:** Yes, please. We can do that now.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit from Anand Rathi. Please go ahead.

**Mohit:** Firstly, if you could help us with the pledge details, this is the final total amount on that slide, and what is your vision, like how are how soon can we see this number coming down?

**Kishor Patil:** So, I just want to give a background of this pledge. Basically, as you know, we had this merger and demerger transaction. During this process, promoter shareholding of KPIT, promoter shareholding will go from around 13% to about 41% at the end of transaction. Already we are at 38% with multiple share

transfers, so we are already at 38%. We will go to more than 41% finally. Now, during this process, of course, we had to make the payments to acquire the shares. And that is the only reason we had this pledge, which has been also reducing as we are also doing a transaction on the IT side. So, we will see some decrease again in another quarter or so. And I think this overall pledge will go off in less than two years.

**Mohit:** But this is a peak number, is it?

**Kishor Patil:** Yes, this is a peak.

**Mohit:** Okay. And sir second is on margins. Like, while we have done very well on the revenue side, it appears that we will miss our margins guidance in the second half. So, one thing was this, if you could quantify how much was attrition before and after the wage hike?

And the second, utilization appears to be around early 70s kind of a number. Then we have also had this hiring of 400 people, which added to the cost. So what is your view there in terms of why do we need to have when our utilization is low? And second, should we revise our margin outlook for this year, given the first half performance?

**Kishor Patil:** I would say two things here. Number one is, I think we are realizing almost on a month-to-month basis that new trends, new businesses, opportunities which we have. But fundamentally we know that we being one of the largest in the area in which we are operating, I think we have to be net talent creator. So, in order to do that, and really the areas in which we are working, it is very important for us to ensure that we retain the best talent and grow that. So from that perspective, we made that decision which, I must say was more than what we had planned in our Annual Operating Plan. We decided that we should take this step, which will be in a better interest of

the company in the medium-term. We have typically the impact of increments on the profitability at around 2%. This time we had that additional more than 1% impact during the quarter. But we thought that that was important for us in order to be net talent creator. And we decided that while in the past we have hired more people laterally, our strategy has changed to really build people more internally. And that's why we are hiring more and more freshers. From that perspective, we see that as an impact on our utilization.

I think this will continue for maybe a couple of quarters, I think during that time we will be in a position to make it more efficient, because then we have a running cycle. So, during this one or two quarters, I think that is what has impacted. So, while there has been a little bit impact, but the main thing, as I mentioned to you, that overall on the resultant EPS side, we will be in the same range as what we mentioned at the beginning of the year. And that is because of some other benefits which we have got or we have been in a position to manage. So we will be in the same range at the end of the year.

## **Explanatory Statement (basis some queries received post call)**

*We had guided for constant currency revenue growth (16% to 18%) and EBITDA Margins (14% - 15%) at the beginning of the year. We will be able to achieve both the revenue growth guidance as well as the EBITDA margin guidance. Since we will achieve the absolute EBITDA guidance for the year, we will also achieve the resultant EPS for the year. There is no separate guidance for EPS.*

**Mohit:** Sir, any outlook on overall EBIT margin or EBITDA margin?

**Kishor Patil:** That's what we gave at the beginning of the year, that it will be 14% to 15% EBITDA margin.

- Mohit:** No change?
- Kishor Patil:** No change.
- Mohit:** Sir, attrition number at the end of 2Q?
- Kishor Patil:** Yes. So I think there is a substantial change. I think, overall, we don't publish the attrition number. This attrition is 10% less than what we had last year.
- Mohit:** You are talking about absolute number of people leaving or 10% like?
- Kishor Patil:** 40% less people living, and 10% overall impact on basically in terms of basis points, it's a significant number.
- Mohit:** And lastly, there is no one-time bonus or anything which will now recur in third quarter, or this employee cost is recurring for the rest of the year?
- Kishor Patil:** It is all accounted for; we gave the yearly guidance which basically includes all this kind of expenses.
- Mohit:** So no one-time bonus, so to say, included in 2Q numbers which will now... whatever there is a monthly or quarterly number?
- Kishor Patil:** As I said, I don't want to go into individual numbers. The yearly guidance includes everything what we account for.
- Moderator:** Thank you. The next question is from the line of Rohit Bhatt from Airawat Capital. Please go ahead.
- Rohit Bhatt:** Just one bookkeeping question first, and then a little more on the business. On the bookkeeping side, there was a right-to-use asset created in Q1, as well as in Q4 there were some related party assets that were reviewable from Birla Soft, etc. So can you just talk about what both of those, whether the Rs. 138 crores of right-to-use asset, what that is? And on the Rs.

210-odd crores of financial assets to be received from later party, whether that was reserved?

**Vinit Teredesai:** So, first on the Birla Soft. I think so now we are in a position whereby most of our interdependencies are gone down at a minimal level. As of September 30th, our net outstanding is now less than Rs. 5 crores and we see that this in the coming quarters will probably come down to nil by end of Q3 or say worst case by March, with some of the contracts, one or two contracts that are pending for novation, that dependency will completely go off. So that's the update as far as Birla Soft is concerned. So if you see from both the side, the receivable from them as well as payable to them have substantially reduced in this quarter.

Secondly, in terms of right-to-use, that we changed in terms of the accounting standard that was introduced from 1st April, 2019, with reference to all our lease obligations at the asset that has been created. So that's the accounting statement which we have talked about in the our Q4 as well as Q1 financials.

**Rohit Bhatt:** Got it. On the business front, can you talk a little about, as this consolidation amongst OEM is happening in terms of their JVs, your competitive dynamic, both in powertrain as well as on autonomous, how are the contracts being structured there and how do you see yourself winning in each of them?

**Sachin Tikekar:** Different OEs are taking different sort of strategies. And there is obviously consolidation, especially on the autonomous drive side. Electric power-train, unless there is an existing alliance, we have not seen too much of consolidation on that side. And to us, since we are one of the leading players in both autonomous as well as electrification, we look at this as a big opportunity. And we are already seeing some of the results because of some of the platforms that we have developed with



some of our leading OEMs; we see that that's leading to business with some of the other OEs who are following that path.

So on the autonomous side, it's very clear. And for us, fortunately, it's worked out to our advantage. On the electrification side, again, we continue to work with some of the leading OEs across passenger cars as well as in commercial vehicles. As I mentioned earlier on, we have not seen that level of consolidation on electrification as autonomous driving. So for us, we are watching this trend very carefully, and we are trying to see how we can partner with some of these OEs and help them to bring their programs into production cheaper, better, faster.

**Rohit Bhatt:** Got it. And on the electronic side, these contracts are design related itself or are there some, you know, does it go into managing their manufacturing at a later date and so on?

**Sachin Tikekar:** So, KPIT as a company what we do, we are a software development and integration partner to the leading OEs as well as Tier-1s globally, that's our job. So, typically what we do is, we get involved in the hardware design part, but most importantly, our job is to actually develop the software part and integrate it back into the hardware to put the vehicles on the production line. So we don't get involved in actual manufacture anywhere.

**Rohit Bhatt:** No, what I meant was you are not doing any software on helping manufacture any of that, nothing on the supply chain front and...

**Kishor Patil:** No, we are not.

**Moderator:** Thank you. The next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

**Nitin Padmanabhan:** Sir, a couple of questions actually. So the first is, in terms of the pipeline of deals and what you see out there in terms of the sheer demand momentum, any commentary on that would be helpful.

**Sachin Tikekar:** Okay. We look at our business in two different dimensions; one is across the geographies, US, Europe and Asia. And secondly, the three large offerings or the practices that we have across autonomous driving, power-train that includes conventional and electric power-train, and then connected vehicles part. On the autonomous side, we see a lot of progress across passenger car and some of the commercial vehicles coming on board across the three geographies, especially the OEs are more keen to put their Level 3 autonomy on the road and Level 4, Level 5 which are production programs that are two or three years out. So that is definitely a good area of growth for us.

On the electrification side, you will see more vehicles actually hitting the ground running in North America as well as in Europe than ever before. There are more than 20 electric cars that are actually hitting the ground running; we have been part of some of those. While some of these customers or OEMs continue to focus on electrification and we are working with them, we are also doing a little bit more work on their conventional power-train area. So that's also an area which is not growing from the number of cars and programs perspective, but from our perspective it continues to be an area of some growth.

And last but not the least, one area where, especially in commercial vehicles where OEMs are able to monetize some of these things through connected vehicles program, whether it's connectivity within the vehicles outside of the vehicles and so forth. So that part also we are seeing growth coming along. So if you look at our three practices, three geographies across commercial vehicles and passenger cars, we see a fairly balanced growth coming our way.

**Nitin Padmanabhan:** So is it fair to say that in terms of the momentum on deals, things are steady or improving or certainly is not worse than what it was before, it's actually better or in line with this thing that we have seen in the past?

**Kishor Patil:** It's in line with our expectation. You can see the past quarter was a good quarter for us, and we see that the H2 is going to be pretty good. So far we have not seen any kind of shift. The business looks pretty healthy for us.

**Nitin Padmanabhan:** Sure, great. And when you were talking of electrification and if I just look at the US geography and growth and power-train, so is it a fair assumption that a lot of growth would have come from EVs within power-train out of the US?

**Sachin Tikekar:** I think it's across the three geographies. As I mentioned, the electrification Europe, there are regulations. So, obviously, the bulk of the money that has been spent has been spent by the European OEs. Some of the US ones who have market in Europe, some of the Japanese ones who have market in Europe are also looking at electrification program. And they are also looking at electrification and other markets that are embracing electrification, whether it's China, some parts of United States and so forth.

**Nitin Padmanabhan:** Sure. And just one little long-term kind of question. Considering that we operate in high growth areas of auto electronics, do you think that this high compensation increases are here to stay? And, second, maybe the alternate question is, do you think that this high demand gives potential for higher pricing increases from your side to be able to demand enterprising?

**Kishor Patil:** So, I think we wanted to really benchmark us against where we can hire talent and where we are losing talent, which are not the conventional players we see in the IT area. So, I think that

was one of the main reasons for us to make some of these changes. And even if we make a few changes more, it is in line with some of these global players from where we can hire talent or lose talent. So, it is more, if I have to say, correction in terms of being in the new focused domain, and specifically in the new technology areas where we look at us as competition in the job market. So that is how it is.

And to answer your question, absolutely, we see that we are in a particular slot and where there are two areas in terms of when we go. One is areas which, as Mr. Tikekar mentioned, in terms of electrical autonomous new technology areas where we are developing platform or doing the system integration work. Where we have ability because of our production programs we have delivered in the past, etc., to get that premium. So, we are in a position to get some premium over the competition in that area. That is one. At the same time, we have benefit of having a more balanced global operation as compared to many of our global competition. So, that allows us to give, I would say, a very cost effective solution. But at the same time, a better pricing for us. So, I think that we are in the position to balance on account of that.

More importantly, I think most of these projects are now fixed price moving in the line where we are going into fixed price and etc. So we believe that ability because of the accelerators and the platform we are building, the ability to improve our productivity is far better.

**Moderator:** Thank you. The next question is from the line of Prakash Chelam from Marathon H. Please go ahead.

**Prakash Chelam:** Hi, congratulations on a good top-line quarter. Just a question, Europe growth, has it come in lower than you expected? You have some extremely good flagship programs in Europe, so was a bit surprised to see that the Europe growth was a little lower

than what we kind of expected. And this is something which came as a surprise to you.

**Kishor Patil:** No, I think I mentioned to in the past, just before, if you take the yearly performance, we believe we are where we have planned for. So across the geographies it is quite well spread and we are in all the geographies more or less on the target to achieve our goals. And hence the overall growth which we have mentioned. So we don't have any concern in any particular geography.

**Moderator:** Thank you. The next question is from the line of Senthil Kamraj from iThought Financials. Please go ahead.

**Senthil Kamraj:** My question is with respect to the connected vehicle part. So there has been a decline year-over-year and quarter-over-quarter, so what is the reason for degrowth?

**Sachin Tikekar:** Over the years, especially last couple of years we ran some really large programs. One of the largest programs got over last year. And so you see a little bit of a slump getting into this year. But we are happy to say that the pipeline is healthier in connected vehicles, has become healthy since last quarter. And we believe that the growth will come back over the next couple of quarters. So we are very confident that we will be able to bring back growth in connected vehicles.

**Moderator:** Thank you. The next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

**Nitin Padmanabhan:** So if you look at this quarter, it looks like depreciation seems to be growing faster than revenues. So I am just trying to understand, how should we look at this overall? And what's been the kind of CAPEX intensity that we should look forward to going forward? Because we basically thought that one should

assume a lot of operating leverage over and above this, so how should we look at it?

**Vinit Teredesai:** Nitin, our CAPEX plan is pretty much in line with what we had given or planned for. It is going to be in the range of around 2% of our annual revenue. And we continue right now in that. So the depreciation as you know that as a part of the new organization we have created, our asset base is completely new. And that's why you see our depreciation on a higher side.

**Nitin Padmanabhan:** I was actually referring to the spike this quarter. So last quarter was IndAS, so it was very understandable. So do you think that the pace of increase would continue? Or do you think from hereon there should be some sort of leverage on it?

**Vinit Teredesai:** No, I think so it will remain at the same levels, more or less at the same levels as what you are seeing right now. So you should not expect a significant increase in the deposition going forward.

**Nitin Padmanabhan:** And lastly, what's driving the lower ETR? If you could give us some thoughts on that please?

**Kishor Patil:** As a part of the overall operations, we are still present in a couple of special economic zones. And our growth is happening very much in deliveries happening from India, which is giving us certain benefits. So, that's the reason why you are seeing the lower effective tax rate at this point of time.

**Nitin Padmanabhan:** Okay, understood. So, would it be fair to assume that going forward or from where we are today, it looks like there is going to be some level of an offshore shift, and thereby this is a higher potential tax benefit?

**Vinit Teredesai:** See, as Kishor mentioned in the beginning that our effective tax rate will remain around 20%, and I think so we should continue to look at that number in the coming years, at least for the next

couple of years I see our effective tax rate very much remaining in that region.

**Moderator:** Thank you. The next question is from the line of Ashish Agarwal from Principal Mutual Fund. Please go ahead.

**Ashish Agarwal:** Most of my questions have been answered, just wanted to get a clarification. We sold one business in this quarter, was any revenue booked in that business in the quarter?

**Sunil Phansalkar:** No. No revenues were booked for that business during the quarter.

**Moderator:** Thank you. The next question is from the line of Abdul Kareem from HDFC Securities. Please go ahead.

**Abdul Kareem:** I have two small questions. One is regarding the CAPEX plan. What the CAPEX plan in next two or three quarter or in FY20 and FY21? And the second question is, the debt came down to Rs. 88 crores from Rs. 152 crores. So is there any plan to cut the debt in the near one to two quarters?

**Vinit Teredesai:** So on debt, as we mentioned in our even our past quarter that eventually we are looking at reducing our debt. We started on a very humble note at the beginning of the calendar year in terms of our overall cash flow situation. As our cash flow situation has significantly improved in the last nine months, we have cut down on the debt. And will continue to do so depending upon the business needs.

And CAPEX, I already answered earlier that it will continue to remain at around 2% of our annual revenue, that is the overall benchmark based on which we do our budgeting. And I don't anticipate that we will deviate from that.

**Moderator:** Thank you. The next question is from the line of Raul Jain from Dolat Capital. Please go ahead.

**Rahul Jain:** I would like to know if you could shed more color on the five large deals wins that you announced in terms of the scope, scale and any new logo that you have got or these are mostly repeat business for us?

**Kishor Patil:** So, I think we do not disclose the customer names, but I think we have given enough color in terms of the deals which we have basically got. And as we discussed, our focus is on 25 accounts. So, all these deals fall within that parameter of the T25 accounts, that is point number one. Point number two, these all belong to the areas in which we operate. So that is the second part. Most of these deals are, I think, I would say meaningful enough, the size of the deals is meaningful enough. And in two deals where we have gone public or we have announced in terms of when VW sourced our AUTOSAR stack, I think that we basically have talked about them being approving of our stack, and then the second is EATON, which is about electrification engagement which we have with them into, again, a very strategic way. So, I think these are the two we can share. But I think I can tell you; these are all meaningful deals which we have won.

**Rahul Jain:** And on this slide number 17, it is a very interesting slide where this information you have shared in terms of the investment that the auto majors have announced. So, with very conflicting macro commentary that we get in, there are announcement on the futuristic kind of technology and cut down in stress on the overall basis. So, how we are seeing as a mix of this trend impacting us in near term and medium term from a design perspective or any color would be very helpful.

**Kishor Patil:** I think it is the same scenario as I mentioned, we have put it into our investment deck, as I referred to earlier. See, basically, for the most of these companies they are cutting down on their manufacturing operations, they are cutting down on their conventional expenses, they are cutting down on non-core



activities, and they are all investing into, if I have to say, new technologies, which are going to be very important from their future market share. And most of these deals, if you look at all these investments are in that area.

Now, as I mentioned to you, I think KPIT is, among the very few companies in the world who operate in all these areas, and that too into developing platforms kind of core competency and core domain knowledge. I think that's why we have been in a position to get access to this spend and work with these customers in a strategic way. I think the other part is, people engage into the other activities, of course, we will see certain decline because that's where the customers are cutting down on their expenses.

**Rahul Jain:** But just a small addition if you could do. So, are we seeing any more challenges where this shift of the bucket of investment would be at least impacting us in the near-term perspective, as we may be doing a lot of thing on the conventional side within the cutting, but are not able to recoup meaningful business at the moment on the new areas or you think we are mostly on the beneficial side in most of the focus streams?

**Kishor Patil:** I can answer this question, but I would really suggest you to look at our investor conference deck where we have covered this more in detail. But just to give you a simple answer, I think KPIT engineering business grew in a significant way for last three years consistently, which basically tells us our ability to really get into these programs consistently, more than what we may lose on the other side. And I think as Mr. Tikekar mentioned, we see actually an opportunity also on other side, because we are in a position to give that kind of productivity and cost effectiveness even on a conventional side.

**Moderator:** Thank you. The next question is from the line of Prakash Chelam from Marathon H. Please go ahead.

**Prakash Chelam:** Just one follow-up question. When you were talking about the electrification part of your business, you did say that the growth has been, I thought I interpreted you as saying the growth there has been less than the autonomous side. And it seemed to be more towards the conventional side rather than the newer areas, which you are very strong at. Could you just elaborate that a little bit? Is that something which is...?

**Sachin Tikekar:** Yes, I am glad you asked that question, because this requires clarification. So, both autonomous side we have seen tremendous growth, no doubt. The electrification side also we have you seen tremendous amount of growth. What I said was, we see tremendous amount of growth both on autonomous as well as electrification. However, on the other hand, we have not seen degrowth on the conventional power-train side. In fact, we are seeing a little bit of growth coming from there because more and more of our customers want to put all their energies on the electrification side. So, we are getting bigger slice of the smaller pie actually under conventional power-train side. Is that clear?

**Prakash Chelam:** Very clear. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Senthil Kamraj from iThought Financials. Please go ahead.

**Senthil Kamraj:** Just a couple of follow-up questions. First is on your efforts to increase the revenue from the commercial vehicles, so if you can just highlight some of the initiatives taken on the same?

**Sachin Tikekar:** So, as you know, passenger car is our largest segment with more than 70% revenues coming from passenger cars. CV, we have just started focusing on it in an accelerated manner over the last few months. We have some marquee customers in commercial vehicles in North America and Europe. However, that's one area where we are also acquiring more customers as

opposed to passenger cars to what Mr. Patil said that, the T25 strategy most of the customers are actually from passenger car.

On the commercial vehicle side, we have some marquee customers but there is more that we can do with some other customers, especially out of Europe and Asia. In fact, we have signed up with three additional customers in the commercial vehicle side during the course of this year, and we will continue to sort of build on these relationships going forward. So, a special focus is on commercial vehicles, so that becomes another source of growth for us.

**Senthil Kamraj:** Okay. And the second question is with respect to the shareholding changes that you mentioned, like the promoter holding will go up from 13% to 14%, so will the open offer apply in this mechanism or how is the structure?

**Sunil Phansalkar:** No, so what we said is we had an open offer which we had launched about a couple of months back, because we were acquiring 25.5% of shareholding from the Birla Soft promoters as a part of the overall merger-demerger scheme. So, once that open offer was launched and closed successfully, then we completed the transaction of buying 25.5%. And hence, today KPIT promoters own 38.5% in the company. And the remaining 3% portion of Birlasoft Promoter holding in KPIT, which we should acquire sometime early next calendar year. And since it is only 3%, we are not required to give any additional open offer, which should take our shareholding to 41.5% from the current 38.5%.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

**Sunil Phansalkar:** Thank you, everybody. Thanks for attending the conference call. And once again, wishing you a very Happy Diwali. Take care. Bye.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Dolat Capital, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.