



Q2 FY09 Earnings Conference Call of Prithvi Information Solutions Ltd.

November 3rd, 2008

Participants:

Mr. Mr. V. Satish Kumar, MD, Prithvi Information Solutions Ltd.

Mr. P S. Shastri, CFO, Prithvi Information Solutions Ltd.

Mr. Sai Krishna, Manager, Finance & IR, Prithvi Information Solutions Ltd.

Mr. Subra Ramanathan, Four-S Services Pvt. Ltd.

Moderator: Good evening ladies and gentlemen and welcome to the Q2FY09 Earnings Conference Call of Prithvi Information Solutions hosted by Four-S Services Private Limited. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Subra Ramanathan of Four-S Services. Thank you and over to you Mr. Ramanathan.

Subra Ramanathan: Thank you Marina. Good evening everyone. This is Subra of Four-S. Thank you all for joining us on the Prithvi Info Solutions Ltd. Q2FY09 results conference call. We have with us on this call from Hyderabad, Mr. Satish Kumar, Managing Director; Mr. P. S. Shastri, CFO; and Mr. Sai Krishna, Manager Finance and Investor Relations of the company. We propose to begin the call with opening remarks from the senior management on their financial performance and the operations update, which will be followed by Q&A and discussion session. The company has witnessed strong Y-O-Y growth in revenues of 143.5% with net profit before MTM provisions growing by 35.7%. I would now like to invite Satish to briefly discuss the company's performance for the second quarter and half-year ended September 30, 2008.

P S. Shastri: Good evening everybody. This is P S. Shastri, the CFO. I thought I will give you the major figures first and Mr. Satish could then take on the business, and the latest developments and how it is going forward. This quarter has been quite good to us in the sense that we have been able to post quite a good robust result despite the times around. We had the revenues for this quarter going up by almost about 143.5% from Rs 264 crore to Rs 643 crore. This time we had an element of telecom products sale which reached a substantial figure. We reported the same as a separate segment. The IT segment went up to about 77% and the balance was on the telecom product. Significantly, we have been able to do well on the front of increasing and mining the client. The \$5 million clients have increased to 26 in Q2FY09 from a meager figure of 4, which was there in '08. So over the years we have really been able to mind the client and fortunately we have been in the sectors where we have not been much impacted by the current turmoil in the global market. And so we have been able to also add a few \$10 million clients which increased to about 3 which was none in '08.

The top clients increased to 2.7 times from 3.1% to 8.4%. The top five clients gave 20.6% and the top 10 gave 33.8%. The major development, as everybody is eagerly waiting to know, has been on the MTM issue where we have been lucky that we have added only around Rs 29 crore to the MTM this time because the major things have had to happen between the March closure and June. For the quarter September Rs 29 crore were added and the total MTM stood at Rs 104 crore, and once this MTM is deleted the performance has been quite all right. The revenues as well as the margins have also been quite okay. EBITDA margins declined from 11.3% in Q2FY'08 to 7.3% which was majorly because we had a telecom product sale which had only about 1.3% margin, compared to almost about 9.7% on IT. Also, the net profit though in basic figures went up by about 35.7%, the margins were little low due to the same reasons for the decline in the EBITDA margins. This has been our performance and Mr. Satish will now take over to tell you about the business overview.

V. Satish Kumar: Thank you Mr. Shastri. And thank you everyone for joining our quarterly investor call. I appreciate that. These are interesting times and we are seeing financial turmoil all across the globe and the major concern for the ordinary. The company has done well during this time and as you would have all noticed from the investor presentation, our growth pictures have been technology, telecom, healthcare which primarily are driving our business and our focus on BFSI has always been low, and I think that is helping us in this interesting time. So, we have added a couple of very interesting clients in the technology space. Apple today is our customer. We are doing more business with them and they are promising huge numbers in offshore. In telecom, T-Mobile is our largest client and we have been successfully doing GDC for them, and the number of clients have increased from that I think. And we are adding AT&T in the GDC model as we talk and that number should start increasing as we go forward. So from a business standpoint, our company is focusing in India and Middle East as the high growth drivers for our numbers for our revenues and profit. We have been fairly successful in our Indian business. Today, we can very confidently say we have become an industry leader in terms of our technology and engineering services service platform where we are working with almost all the big names in the country, be it Ericsson, be it Huawei, be it ZTE, be it Alcatel-Lucent, be it Reliance, be it anyone else. And coming to, we have also started our Middle East operations on a strong note. We have an order book of close to \$5 million this year and we are working with firms like Etisalat, and we are fairly confident that we should be doing a revenue of about \$3 to 4 million for the current year and

an order book should go up to around \$15 million to \$20 million by the end of this year.

In US, we are focussing on these three verticals as I just mentioned telecom, healthcare, and technology for our growth. And we are being fairly careful in terms of what clientele that we want to add and what kind of return that we want to give to this customer. So, that's been all in all the business perspective of things.

P. S. Shastri: Well, I think, we could go in for the Q&A please.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. At this time if you would like to ask a question, please press "*" and then "1" on your touchtone phone. If you want to withdraw your question from the questioning queue, please press "*" and then "2" to remove yourself from the queue. Please use only handset while asking a question. Our first question is from the line of Mr. Tushar Bhole of Capgemini. Please go ahead.

Tushar Bhole: Satish, this is Tushar.

V. Satish Kumar: Hey, Tushar, how are you doing?

Tushar Bhole: How are you?

V. Satish Kumar: I am good here. Thanks Tushar.

Tushar Bhole: Yeah, the results are quite good in terms of the top-line, but they are disappointing in terms of the bottom-line and the consistent margin erosion over the last couple of quarters.

Tushar Bhole: I would also like to know like what was the revenue in dollar terms for the last quarter and telecom equipment, that business has a margin of 1.3%, so why it is that low?

V. Satish Kumar: See, okay, let me answer it in pieces Tushar. See if you were to look at our margins and look at our split. Let me talk segment wise. In the IT space, if you were to look at our CNM prospective, it has gone up substantially. We are right now in the third quarter, around 25% of the IT work has been at fixed bid mode where only the cost for that particular seat has been booked as part of the revenues or your unbilled revenue, and that's the reason why the margins have kind of taken a dip from the IT services space. If you were to look at, I mean, last quarter we were around 13.5% to 14% in terms of our fixed bid, and this quarter it is 25%, so the 11% if you were to recalculate, it's around Rs 55 crore of cost as

well as revenues. And if you were to remove those two both from the numerator and the denominator, the margins would still look at 11.0% or 11.4%, Tushar. So as such there is no dip in margins, but as we go forward, you will see that coming back.

Tushar Bhole: Okay.

V. Satish Kumar: It is only because of the significant incremental increase in the fixed bid that has caused that fixed cost, Tushar.

Tushar Bhole: Okay.

V. Satish Kumar: And coming to the second question of telecom product, if you were to look at telecom product division, the EBITDA that we have anticipated was around 8.5% to 10% for this business, Tushar, and if you were to look at most of the MTM that we booked, that we had booked close to Rs 16 to 17 crore of our MTM because of the imports of the equipment.

Tushar Bhole: Okay.

V. Satish Kumar: And if you were to add that back to our business, the business is still at around 8.5% to 10% of margin. So, it's an MTM effect that is having negative effect on the margins, which is showing up as 1% for the telecom product division. But in reality, it's not so.

Tushar Bhole: Okay. Got it.

V. Satish Kumar: So, hope I answered all your questions Tushar.

Tushar Bhole: Yeah, I have many questions Satish. So, my next...

V. Satish Kumar: The two questions that you had.

Tushar Bhole: What?

V. Satish Kumar: The two questions that you had.

Tushar Bhole: Five, five questions I have.

V. Satish Kumar: Okay. What are the others Tushar?

Tushar Bhole: Yeah. I am telling you. My next question is on the sundry debtor. How much money you received during the last quarter?

P. S. Shastri: Which money received?

Tushar Bhole: As a part of sundry debtor because as per your previous report, it was Rs 414 crore of sundry debtor, as per your AGM report.

V. Satish Kumar: Right. The sundry debtor as on date stands at, from our IT services business around Rs 600 crore, Tushar. And from the telecom product business, these lines make Rs 190 crore.

Tushar Bhole: Okay. So sundry debtor of Rs 600 crore in IT, right?

V. Satish Kumar: Right.

Tushar Bhole: Okay. And the next question is regarding the forex exposure -- outstanding forex exposure. And, you know, I just wanted to know like why this MTM was so low in this quarter even when the rupee appreciated by 4.4.

V. Satish Kumar: Tushar, I mean, see if you were to have looked at our entire MTM provisioning, we were actually working on 3 currencies. One is USD. JPY, because of our imports and CHF which is again because of our imports.

Tushar Bhole: Right.

V. Satish Kumar: So, some of these have worked in our favor but some haven't. And hence we are seeing an MTM of around Rs 29 crore and which is not small Tushar by any standards. I mean because there was a major provisioning during the June quarters, we have booked around Rs 70 crore for the June quarter. This quarter we have booked around Rs 29 crore as MTM which is not small by any kind.

Tushar Bhole: I know that it is not small, but comparatively what we had previously, it is quite low if you compare it. Okay. Another thing is you know this also depends on the contracts which got terminated during the last quarter. Like if you have \$100 million exposure, even if your contract is worth \$50 million are terminated during last quarter then even if the currency goes to let's say goes back to 40-42 levels, you'd have lose this revenue. So, I just wanted to check how many contracts got terminated during last quarter. And what would be the outstanding derivative contracts at the end of March 2009. So, I just wanted to check like if something goes wrong, I mean if you terminate this contract, then if rupee or dollar reverses it goes to 44-45 dollars, then what would be the profit and loss. I just wanted to calculate that. So, that is

for my information and I am sure everyone would like to know this.

V. Satish Kumar: Well, I'll ask Mr. Shastri to answer that question.

P. S. Shastri: See we have not canceled any contracts, nor have we gone for any fresh bookings except for one of the INR-USD when it was just showing the 45 rupees. We have roughly about \$40 million for 2009, and for 2010 we have another \$40 million. For 2011 it comes down to about \$26 million. This is on the lower end of the leverage portion, and each time each quarter goes to be quiet because these are monthly settled options and forwards. The three months once gets crystallized, and the balance will remain. So, we have about \$40 million on the lower side of the leverage hedges and about \$26 million in 2011.

Tushar Bhole: So this \$40 million -- is it a pure \$40 million or still the ratio is 1:2 that is \$80 million?

P. S. Shastri: 1:2 because it is on the lower side of the leverage received, so on the higher side it will be \$80 million and the other one 2011 will be- higher side will be \$50 million.

Tushar Bhole: Right now at this stage like...

P. S. Shastri: The MTM we are taking into our account is on the higher side.

Tushar Bhole: Okay.

P. S. Shastri: But when rupee comes to 42, 41, 43 level, we will take the lower side of the range.

Tushar Bhole: Right, but as you said these are monthly contracts.

V. Satish Kumar: Yes.

Tushar Bhole: So some of the contracts would be terminated during the quarter, right? I mean, let's say October month, November month, and December month. So your outstanding exposure would go on decreasing basically, right?

V. Satish Kumar: Yeah, yeah .

Tushar Bhole: That means you're actually booking your MTM loss then because let's say if entire MTM is, you know, the end date is let's say 31st of March, 2009, now even if the rupee goes to let's say 50-51,

which is at this current level, then your provision would increase, but what happens in month of January if that rupee goes to 44 level then you will have to reverse that.

V. Satish Kumar: Yeah, we will reverse. We will reserve the provisions, which have been made for the forward year.

Tushar Bhole: Right, exactly, but what about the contracts which got terminated? You will not be able to reverse those positions. That will be booked loss. So, that's why I just wanted to check like what was the outstanding and contracts those that were terminated during the quarter?

P. S. Shastri: Yes.

Tushar Bhole: You got my point.

V. Satish Kumar: 40 and 26 for 2010 and 2011.

Tushar Bhole: 40 and 26.

V. Satish Kumar: Yeah.

Tushar Bhole: Right. And what is the status on buyback and the promoter stakes, these are not going up? Any light on that?

P. S. Shastri: We are working on it. We're in the process of doing that, Tushar.

Tushar Bhole: Okay. So by when we can expect something on that line basically?

V. Satish Kumar: See, as we discussed last time on the buyback, we're waiting for the ROC approval and things. So that's on the card but as far as the promoter buying back the shares, we are in that process and you will see that soon.

Tushar Bhole: Okay. And my last question is on FCCB amount. Whatever proceeds we have of this FCCB amount, where we've kept that? Whether it's in the Indian bank or with the overseas bank?

V. Satish Kumar: It's with an Indian bank which has an overseas branch in Hong Kong.

Tushar Bhole: Okay. So what is the currency over there, like is it in dollar or like INR or what?

V. Satish Kumar: It's in dollar.

Tushar Bhole: It's in dollar, right. So apart from that FCCB, what is the cash balance that we have? See FCCB is \$50 million, so you said the amount would be around Rs 200-220 crore. So apart from that, what is your cash balance?

V. Satish Kumar: We have around Rs 30 crore of cash balance apart from this thing, Tushar.

Tushar Bhole: Okay. Yeah, I am done. Thanks Satish.

V. Satish Kumar: Yeah, thank Tushar.

Moderator: Thank your Mr. Bhole. A reminder to all the participants in the conference, if you wish to ask a question, please press "*" and then "1". Mr. Ramanathan, would you like to ask few questions while the participants join the question queue?

Subra Ramanathan: Yes. Hello. Hi, Satish. I just want to know about the Middle East business, what is our outlook going forward? I mean what sort of revenues we can expect?

V. Satish Kumar: See I just told we've currently an order book of \$5 million and going forward we've already bid for around \$30 million worth business, and we're fairly confident of getting under \$5 million to \$10 million worth business in the Middle East, and see we are currently operating in Qatar, Bahrain and Saudi, I'm sorry in Dubai. We are also getting to Saudi as we speak, and hopefully our footprint in the Middle East will be increasing and we should be getting more and more business from that side. The Middle East market interestingly is a very interesting market. If you were to look at the mobile penetration or the telephone penetration, the country has more than 150%, which essentially means each person has two-two mobiles in their pockets, but they are very technology savvy people and then they keep changing their technology and that's what is helping us and we see the kind of real estate that they have built there is a different kind of solution called IBN, which is in-building solutions and that's what we are looking on at this point of time.

Subra Ramanathan: Okay. Thanks.

Moderator: Thank you sir. The next question is from the line of Mr. Ajay Jain from Aries Stock Traders. Please go ahead.

Ajay Jain: Hello. Good evening.

V. Satish Kumar: Hi.

Ajay Jain: Congratulations on your excellent results. And I had participated in your conference call for the June quarter.

V. Satish Kumar: Okay.

Ajay Jain: And at that time you had said that a 10 paise adverse movement of the dollar...

Subra Ramanathan: Sir, excuse me, your voice is not clear, can you be a little bit loud.

Ajay Jain: Hello.

Subra Ramanathan: Yeah, yeah.

Ajay Jain: Now it's better.

Subra Ramanathan: Yeah.

Ajay Jain: At that time you had said that, while doing the conference call for June, that the 10 paise adverse moment of the dollar results in Rs 7 crore of MTM for your company.

V. Satish Kumar: Right.

Ajay Jain: Now the adverse movement of...

V. Satish Kumar: We might have said the rupee, yeah, but go ahead.

Ajay Jain: I will this time correct it and let me complete my question. Now if that was to be the case then adverse was movement of the dollar is from 43 rupees, 42.93 or something which was figure out as on June, so about 49 rupees now in September. So an adverse moment of six rupees should have created a MTM of something very big, you know, and I'm pleasantly surprised to find only a figure of Rs 29 crore.

V. Satish Kumar: I will answer that question. Okay, see as of 30th June, the dollar rate was 42.92 or somewhere around thereabouts and as of 30th September the dollar was around 46.95 if I am not wrong, but there has been a differential between June and September and there has been a differential of around 3.5 to 4 rupees or 4 rupees to be more specific, and as I told the hedges that we have are in three currencies, in USD, JPY, and CHF, and that is kind of some of the

currencies are well served in reducing the MTM. In that certainty but if you were to take a pure rupee-dollar hedges that we had, the MTM were.....

Ajay Jain: No, but last in the June quarter the adverse movement was 3.5 rupee but still you provided Rs 70 crore.

V. Satish Kumar: At that time it was also coupled with negative movement on the CHF and JPY also, which now has moved positively and hence reduced that, and we also have restated the debtors which have taken the benefit of increased dollar.

Ajay Jain: But that is a separate figure. That's a gain from foreign exchange, right?

V. Satish Kumar: See, as I've told that we have between three currencies Ajay, so I mean the net effect of all the three currencies when they are put together is only Rs 29 crore. But if you were to have taken our USD CHF position, we have a positive move around \$3.5 million to \$4 million, and if you want to take that JPY, I mean I am giving you approximate numbers Ajay, so JPY we would have added around \$1.5 million in the positive direction.

Ajay Jain: So nothing is left unprovided on MTM, right?

V. Satish Kumar: Everything has been provided.

P. S. Shastri: No. Everything has been provided.

Ajay Jain: Congratulations.

Moderator: Thank you Mr. Jain. The next question is from the line of Mr. Akshay Jalan from Jalan Brothers Pvt. Ltd. Please go ahead.

V. Satish Kumar: Hi, Akshay.

Akshay Jalan: Hi Satish. How are you? Shastri, how are you? Congratulations on great numbers. I just had a really quick question and maybe this is sort of a typo on your investor presentation will you lay out all the numbers in the P&L at page seven, I think it is that employee cost line item? In the second quarter of fiscal year '08 you are listing the employee cost as about Rs 1.9 crore and this quarter you are listing it at Rs 30 crore, which is gain of I think 1500%. I don't know if you have reclassified some of that stuff in the SG&A or I mean not quite sure what's going on there. I don't know how Rs 2 crore goes to Rs 30 crore?

- V. Satish Kumar:** Okay, I'm just trying to look at that page. Q2 FY'09 to FY'08, Akshay.
- Akshay Jalan:** I am sorry.
- V. Satish Kumar:** You are looking at Q2 FY'09 to FY'08.
- Akshay Jalan:** I am looking at page seven on your investor presentation, which you send out. You got the details, P&L laid out in that. It's been on the gross profit line, there is an employee cost line item where Q2 fiscal year '08 is stated as \$19 million or Rs 1.9 crore.
- V. Satish Kumar:** Yeah, I know that.
- Akshay Jalan:** Fiscal year '09 it is listed as Rs 30 crore, so I am just wondering how this 2 go 30?
- V. Satish Kumar:** Well, I think that there is some mistake during the recalculation. You see this employee cost is a new addition that has to be defined for the Stock Exchange's, so I think our reclassification would have been a mistake as far as fiscal year '08 goes.
- Akshay Jalan:** Got it, so you are saying basically that you reclassify some of the SG&A into employee cost for this quarter.
- V. Satish Kumar:** That's right.
- Akshay Jalan:** That's the only question I had. Thank you.
- Moderator:** Thank you Mr. Jalan. The next question is from Mr. Nirav Dalal from Capital Market. Please go ahead.
- Nirav Dalal:** Good evening, Sir. Sir I had a question on the telecom product thing. Would it recur going forward?
- V. Satish Kumar:** Could you repeat that question?
- Nirav Dalal:** The telecom product revenue that you received this quarter would that recur going forward or?
- V. Satish Kumar:** We have got an order of around Rs 360 crore.
- Nirav Dalal:** Okay. Out of that how much has been booked?
- V. Satish Kumar:** Rs 180 crore, we've been looking to balance also.

- Nirav Dalal:** Rs 180 crore is already been booked this quarter
- V. Satish Kumar:** Yeah, so?
- Nirav Dalal:** So, balance would be booked in the next quarter or?
- V. Satish Kumar:** Yeah, couple of quarters. So bit more projects in this space and hopefully those should start coming in.
- Nirav Dalal:** Okay. And an outlook on the on-site-offshore mix?
- V. Satish Kumar:** Well, I mean, that is something, see we are trying to work on it. We are watching it very carefully and we want to take it as we go forward and hopefully we can have a couple of percentage point's increase perfectly on the cash flow.
- Nirav Dalal:** Okay. And the fixed price contracts have moved up this quarter, so what would be the level going forward, because I think that is what you said was the reason for the dip in the margins, in the IT services?
- V. Satish Kumar:** No, I think I wouldn't say it is a dip there, it's only because of the non-billing of that fixed bid projects that the capacity is appearing because we only booked the costs as part of income. As we go forward the parties will go back and I think at least for the next three quarters we'll see a pretty decent chunk of business coming from fixed bids.
- Nirav Dalal:** Okay. So would you be able to maintain the margins going forward in the IT services business?
- V. Satish Kumar:** Yeah, yeah.
- Nirav Dalal:** Okay. Sir, and what about the interim loss in the FCCB's, are they also been booked?
- P. S. Shastri:** Yeah, in the transactional restated ones it will be booked.
- Nirav Dalal:** Okay. It will be there in the gain of Rs 25 crore in Q2?
- V. Satish Kumar:** Yeah.
- Nirav Dalal:** In the footnote you've written that the MTM losses are Rs 28 crore and the forex exchange gain was Rs 25 crore?

V. Satish Kumar: What you will have to remember is that part of the translational income and income of loss....

Nirav Dalal: So where will that be clubbed into-other income or?

V. Satish Kumar: The other income. See, the other income has three components; one is the translation gain of loss as one component. The MTM provision as one component.

Nirav Dalal: That is separately you given the P&L.

V. Satish Kumar: No, it's part of the other income category.

Nirav Dalal: In your presentation?

V. Satish Kumar: Yes.

Nirav Dalal: Okay, so all that has been booked in the other income.

V. Satish Kumar: Yeah.

Nirav Dalal: Okay, thank you.

Moderator: Thank you Mr. Dalal. The next question is from the line of Asha Kiran from Span Capital. Please go ahead.

Asha Kiran: Good evening, gentlemen.

V. Satish Kumar: Good evening.

Asha Kiran: Regarding your hiring plans can you tell me how many people you are going to hire this year?

V. Satish Kumar: Globally Asha or in India?

V. Satish Kumar: I think in India, we'll not much, we cross 1500 to 1600 people.

Asha Kiran: 1600?

V. Satish Kumar: Yeah.

Asha Kiran: Can you tell me how many people you have added in this quarter?

V. Satish Kumar: I think it's around 100 people.

Asha Kiran: 100 people in India?

- Sai Krishna :** Right, 100 people in India. Globally we have added 426.
- Asha Kiran:** How much cash flow this quarter?
- V. Satish Kumar:** We'll get back with that information.
- Asha Kiran:** Can you tell me the debt on your book?
- V. Satish Kumar:** Including FCCB it will be around Rs 350-360 crore.
- Analyst:** Okay. Thanks.
- Moderator:** Thank you, sir. We have a follow-up question from Mr. Tushar Bhole from Capgemini. Please go ahead. Mr. Bhole, you may ask your question. Your line is unmuted.
- Tushar Bhole:** Okay. Satish, I just wanted to check whether you have any numbers for the MTM as of 31st October provisions. Any idea on that because rupee had gone to 49.50 something like that, so I just wanted to check the figure if you have that.
- V. Satish Kumar:** It will be another Rs 15-20 crore.
- Tushar Bhole:** How much?
- V. Satish Kumar:** Another Rs 15 to 20 crore approximately. I don't have the exact numbers but I think it's around Rs 20 crore.
- Tushar Bhole:** Okay. Rs 20 crore maximum, approximately that too. Right. Thanks.
- V. Satish Kumar:** Thank you.
- Moderator:** Thank you Mr. Bhole. The next question is from the line of Mr. Akshay Jalan from Jalan Brothers Pvt. Ltd. Please go ahead.
- Akshay Jalan:** Hi, Satish. One quick question. I guess with FCCB with Lehman Brothers, given that Lehman Brothers has gone bankrupt and how that situation plays out.
- V. Satish Kumar:** See as far as Prithvi as an organization, we are concerned, Lehman going bankrupt doesn't mean anything to the organization as such. I mean, the bonds currently are held by the liquidator and as and when they sell it, they sell it to anybody who wants to buy them. So as far as we as an organization are concerned, we are still free

to use the money as we wanted to as we specified in our FCCB document, and that's what situation is.

Akshay Jalan: I guess, legally they are not allowed to be redeemed before I guess for 2009.

V. Satish Kumar: We have not redeemed it just because they have gone bankruptcy.

P S. Shastri: No such condition.

Akshay Jalan: And is there any kind of, are you in conversation with them about possibly refinancing with somebody else and or negotiating with them giving it back them at 50 cents to the dollar, whatever that number might be?

V. Satish Kumar: Actually, I don't think I can't comment on that Akshay at this point, but we are in talks with both the liquidators as well as with the ex-Lehman folks, Nomura folks and watching transpire but from the question that you wanted I don't think I can answer that again.

Akshay Jalan: Fair enough. The basic need is conversation in place. I guess one another question was, just to have a qualitative standpoint and I know there is a sort of global financial crisis out there, but can you give us anything from qualitative standpoint in terms of what the stock is doing just because fixed price or market capital give it Rs 70 crore and you want Rs 35 crore, both MTM in this quarter loan, so anything qualitative that you can provide us just investors in general. Provide some form of comfort that we already have first.

V. Satish Kumar: Akshay, these are interesting and turbulent times and we need to be careful in how we are doing our business, and obviously these are watchful signs and as management we're being very careful and watchful of how things unfold as we go forward, and we are being prudent in whatever decisions that we are taking. I mean, as I keep telling most of our associates and some of our customers, if this the way the world is going to be for the next three to six months' time, I don't think Prithvi will be affected majorly, but if it's going to stay like this for a year, then we'll have some bruise as we go forward, but I am sure as an organization I think we will face this and come out stronger of this entire episode, Akshay.

Akshay Jalan: From a technical standpoint and I don't know if you are allowed to comment on this, but from a technical standpoint, I think Lehman Brothers is only about 2 or 3 give or take 3% of your stock, are they forced sellers? I mean, I'm just trying to get a sense of?

V. Satish Kumar: I mean, as I told the entire asset book of Lehman Brothers will be liquidated and until a liquidator takes a decision of sell it to somebody or if transaction happens, there's nothing much that anything can happen for their efforts, be it the stocks that they are holding, the company or simply bond that they are holding.

Akshay Jalan: Got it. Okay. Thank you.

Moderator: Thank you, Mr. Jalan. Participants who wish to ask a question may please "*" and then "1". Mr. Ramanathan, would you like to ask questions.

Subra Ramanathan: Okay. Satish, I just want to check what stage are we actually with the integration of Agadia Systems and do you see any further acquisitions in this financial year?

V. Satish Kumar: Agadia has been fully integrated Subra, so we think that they are in the healthcare and pharmaceutical management space, and there have been some good traction as far as that business goes and hopefully we should start seeing some good revenue coming from that business. And as far as the other acquisition goes, we are looking at two small acquisitions and we are at the stage of finalizing and hopefully we should close them soon. Again, there has been two acquisitions, one is the technology space and the other one is in the mainframe business space and that's something that we are looking at very close.

Subra Ramanathan: Are you saying there is possibility of closing in this financial year?

V. Satish Kumar: Yes.

Subra Ramanathan: Okay. Thank you.

Moderator: Thank you Mr. Ramanathan. We have a follow-up question from Mr. Tushar Bhole of Capgemini. Please go ahead.

Tushar Bhole: Hi, Satish. As far as calculation, the offshore force comes to 900 or 920 resources. Correct me if I am wrong and out of that can you tell us like what is the percentage of fresher's? When I say fresher, it could be a college pass out or the people having less than one year of experience.

V. Satish Kumar: Okay. If you were to look at that entire pool of resources in India, Tushar, the 920 or 930 bachelors that you talk, Prithvi follows the structure of 10% seniors, which essentially means people with beyond 15 years of work experience and then we have 25%, 30%

and around 35% of junior. So again that's the ratio that 10% is beyond 15 years, 25% is between 8.5 to 15 years and 20% between to three years to eight years and 30% below three years.

Tushar Bhole: Okay. Thanks.

V. Satish Kumar: These are approx. numbers but that the ratio....

Tushar Bhole: Yes. I understood.

Moderator: Thank you Mr. Bhole. Participants who wish to ask a question may please "*"and then "1". There are no further questions at this time. Mr. Ramanathan, you would you like to add few closing comments?

Subra Ramanathan: Yes, Satish.

V. Satish Kumar: Yes. Yes Subra.

Subra Ramanathan: Yes. Go ahead with your closing statements from your side.

V. Satish Kumar: Yes. Thank you once again for all attending our earnings call and hope you appreciate and support that you are in this turbulent time and hopefully we should perform better and better as we go forward. Thank you very much, once again.

Moderator: Thank you very much, sir. On behalf of Four-S Services Pvt. Ltd that's concludes this evening's conference. Thank you for joining us and you may now disconnect your lines.