"Allsec Technologies Limited
Q2 FY2021 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2021 earnings conference call of Allsec Technologies Limited hosted by ICICI Securities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hardik Sangani from ICICI Securities. Thank you and over to you Sir!

Hardik Sangani: Thank you Ritu. Good afternoon everyone. On behalf of ICICI Securities, a very warm welcome to you all for the Q2 FY2021 earnings call of Allsec Technologies limited. The management is represented by Mr. Ashish Johri, and Mr. Raghunath, CFO. I shall hand over the floor to Mr. Ashish for management's opening remarks post which we will open the floor for Q&A. Thank you and over to you Sir!

Ashish Johri: A very good afternoon to all of you and a warm welcome on this earnings call. Post the Quess acquisition we are delighted to recommence our half yearly earnings call to engage with all of you and the stakeholders and update you on the business performance. The results and our presentations have been uploaded on our website refers to our lookout for the future forward-looking statements must be read in conjunction with the risks that company faces, all of those uncertainties risks have been included and not limited to what we have already published in annual report.

Post the disclaimers let me jump into our business performance. I will kick it off with a very brief overview of our financials post which I will give you business updates and then we will be happy to take questions from all of you. From a financial perspective we achieved revenues of Rs.67.6 Crores during the quarter, which is a growth of about 6% over Q1 and our operating margins came in at around Rs.12.3 Crores, which is a growth of 16% quarter-on-quarter, our EBIT post our adjustments for forex mark-to-market came in at around Rs.8.14 Crores, which is flat over Q1 and our net profit stood at Rs.6.4 Crores, which is also 7% growth over the previous quarter.

On business updates, let me kick things off by summarizing a few key themes and then I will get into more deeper dives on each of the business. Let us start with a strategic theme first. I think the first theme that we should talk about is improving topline. I think in a challenging environment we continue to focus on growing our topline both in HRO and DBS businesses. Our HRO businesses and I will expand on this a little bit later, but our pipeline and our win rates both are at historical highs. We have seen some stellar wins over the last quarter in spite of the uncertainties that we have I will give you more details in a bit. On the DBS side as well the volumes are improving and we expect to be at pre-COVID levels by the end of this quarter Q3 financial year. We have also augmented our North America sales team in this quarter coming out of COVID and are already beginning to see traction in our sales pipeline; our sales pipeline is building up and is moving already. The second theme I want to talk about is cross sell initiatives across Allsec and Quess. In the last quarter we have added roughly Rs.1 Crore an annual contract value from selling to our existing HR and compliance customers. We have also added about 1.5 Crores in ACV cross selling to Quess customers. These deals start producing revenues in Q3 and Q4 of this financial Year. We are also working to start tracking and getting traction on cross sell initiatives more systematically across the Quess customer base with initiatives continued to be systematic and continues to get mature over the Quess business lines. Our cash positions and collections have been focused through the entire COVID both Q1 and Q2 and we see substantial improvements in our DSOs in the last quarter. Our cash positions and collections have improved, our historical DSOs have always been robust, but we have improved upon further in this quarter. Our current DSO has 50 days is significantly better than 56 days in March 2020 and almost 61 days about a year ago. Cash flow from operations stood at around 13.6 Crores for the quarter and 27 Crores for first half representing very strong cash generation in what have been a tough year and certainly an extremely tough first half of the financial year. EBITDA to OCF conversions have been 102% for the first half as compared to 78% in H1 FY2020, this again rephrase a strong collection focus that we have and the focus on working capital management that the company has done in the first half.

On cost optimization, during focus on managing a cost especially in this environment we have driven initiatives that have reduced our indirect costs by almost 10% over Q1, which roughly translates into savings of Rs.80 lakhs to Rs.90 lakhs per quarter. You will also notice in our earnings an improvement in our HRO EBIT margins almost 30% year-on-year improvement, this is driven by emphasis on digital innovation and automation, again I will cover that in more detail in just a moment. This improvement in the HRO EBIT margins reflects the nature of this business and synergies that are coming of nonlinearity in this business. The contributions improvement translates into another Rs.80 lakhs per quarter and we believe this trend will not only continue but it will get stronger over the coming quarters.

The final strategic theme that I want to talk about is our substantial investments that we are making in enhancing our HRMS and HRO platforms and products. We are making very significant investments in modernizing our payroll and enterprise great platforms. The enterprise HRO market has always been a strong suit, we are market leaders in that segment and we are investing in strengthening our position so we will be enhancing and modernizing our enterprise platforms, its initiatives will go over about the next 12 to 18 months. We are also very excited to be launching an initiative in creating a market leading MSME SaaS product that will help drive the company forward over the next decade to come. Work on creating this new SaaS product for the MSME market is already started. We are in early stages and you should start seeing solutions getting released to the market as early as next quarter and I will give you more details on that in a moment. Those are the five strategic themes.

I will now use jump into the business wise updates. I will start with the HRO business. The HRO business continues to perform well to end the quarter at revenues of around Rs.24.5 Crores, which is a growth for 6% over the previous quarter. We added 32 new customers in this quarter and more than 90,000 pay slips during this quarter. Some notable wins in this quarter for instance, we won a deal with digital payment giant in India, a very large e-commerce retailer in India and a substantial expansion of our business with an international e-commerce side. Our EBIT in this business grew by 8% faster than the growth of revenue indicating improvement in operating efficiency. This goes back to the strategic theme I had outlined earlier, which was investments in technology platforms and automation, so this improvement in EBIT is the direct result of that and that this trend will strengthen further. We continue to also invest significantly in digital innovation in this business to drive both revenue and margin improvements more than that in a few more months. Coming back to the sales, the business currently has the highest pipeline it has ever had and our win rates are also historical high for us in spite of the environment that we are in. These are the highest pipeline and win rates that we have seen and we also feel COVID have had an impact in terms of growth, but in spite of COVID impact we are seeing extremely good win rates. We also believe as we are coming out of COVID and in this quarter all our pipeline and our win rates are only improving at this point.

I am also excited to talk a little more details of the key initiatives, the product initiatives I mentioned earlier. The first one is we have embarked on a product modernization initiative for both our SmartPay and SmartHR platform. Both of these platforms have developed over the last 10 years and have the best functionality, these are meant for the enterprise segment and we are the market leaders in that segment. However, we have taken all initiatives to upgrade it substantially to bring down a cost of ownership for this platform and also to provide best in class user experience to our customers and our employees. This modernization project is expected to last over the next 15 to 18 months at this point, but much before those 18 months you will continue to see some of these functionalities being brought to market much sooner. The second initiative we are very excited to be launching an initiative to create a market leading SAS-based HRMS platform for the MSME segment. We believe that our expertise in the payroll domain, our existing customer connects and the brand strength that we have in the enterprise market will translate into a great product in the MSME segment as well. While the initiative itself will last about 12 to 18 months, but we will start producing modular solutions every three to four months starting as early as next quarter, so you should see some functionality and solutions start coming to market by next quarter and by the end of 18 months or so we will have a completely differentiated solution in the market. We continue to be on this initiative, we continue to be in building the organization up to drive this platform and also figuring out a digital sales strategy.

I will now move on to the digital business services, which formerly was called CLM or customer lifecycle management. We have rebranded this business to better reflect the use of digital solutions and layering of digital solutions in our current offerings. The DBS business was the most affected by COVID with our revenues in Q1 dropping by 14% over Q4 primarily driven by the domestic DBS business, which dropped in revenue by 39% over Q4 of last financial year. I am happy to share that this business has bounced back with a revenue of 43 Crores and 6% growth over Q1 driven by 39% quarter-on-quarter growth in the domestic DBS business. Our North America business experienced volume drop of 10% in Q1 due to COVID and in late Q2 and this quarter Q3 we have seen growth and recovery in the volumes in this business as well. During this period we have also improved the wallet share across all the customers in the international business and we expect volumes to return to pre-COVID levels in the international business by early Q4 of this financial year. So by the end of this quarter Q3 we are expecting DBS both international and domestic put together to recover to pre-COVID levels and international business to also be at pre-COVID levels towards the end of this quarter and early next quarter. In spite of tough environment, we have seen some wins in this quarter, for instance we won an ARAP business of an international e-commerce line that will start generating revenues in this quarter in Q3. Starting late Q2 and early Q3 this quarter we have also seen good traction in our new business pipeline coming from North America, so we have also augmented our sales team in the quarter in North America and we continue to actually go and augment the sales team.

Given that we are entering the festive season both domestic India and North America, we are expecting volume recoveries to happen in Q3, which is why we think the volumes we will get back to pre-COVID levels and overall DBS level by the end of this quarter. Our increase in wallet share also lends itself to the strategic improvement in the DBS business. I would like to close now, but thanking you all for your support and for joining us here today and we are happy to take any questions at this point.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shrey Loonker from Motilal Oswal Portfolio Management. Please go ahead.

Shrey Loonker: Thank you for this call. Hope all well at Allsec. We just wanted to check on a few things, one is if you can give some sense on what kind of modernization that you are trying to do say from a tech enablement so after 18 months once you have done through this modernization phase is it all about expanding merchants or do you think this can actually result into higher revenue growth how should one really think about the ramification that is point one and on the modernization front if you can just give us some sense of how do we think about investments in it, so how do you size the investments in the entire modernization program and how do you account for that is my first question?

Ashish Johri: Good afternoon nice to hear from you again. The modernization program is multidimensional. On our enterprise products the intent is to reduce the cost of operations and improve the scalability of these products because the current platforms are functionally complete so it is not about completing functionality it is about bringing the functionality to market much faster and improve the cost of operations, so on enterprise products there may be margin improvement. On the midmarket and MSME segment there it is all about revenue and bringing differentiated products into the market while we have presence in that market but we are not the leaders, this initiative is meant to solidify positions, drive revenue growth in that business. On the investment side while the journey is going to be 12 to 18 months for both enterprise and MSME products, but this is agile development so we will continue to release functionality in modules much before the end of this period probably every two to three months we will have product releases that will happen on these investment figures, we will release those figures as we mature in this quarter and get a better handle on some of these costs.

Shrey Loonker: Are you believe in the expense accounting rather than capex accounting is that understanding correct?

Ashish Johri: I think that is something that we will work on from accounting standard perspective, the current messaging is on the investment in the product development accounting is something that will follow.

Shrey Loonker: The second question is on the platformization and making business making even more satin a bit, is there any plan in the horizon to go beyond HRO?

Ashish Johri: There are plans to work on adjacencies so we are already working on adjacencies to HRO for instance in the PF trust management, etc., we are also working on initiatives to integrate with upstream solutions for instance the MSME or SME enterprise or ERP, etc., so those conversations and those lines we are already putting into place to strengthen our brand positioning. Now if the question is are we going to build solutions like that I am not going to say no but that situation involves, right now we see a very large market in front of us in HRO space and we are going after that market and the product and solution suites will evolve as we get deeper into that market, but our focus now is absolutely on this MSME and HRO market.

Shrey Loonker: If you can just give me some lay of the land as you mentioned that you opened a North America sales team as well what is the right to win there and how should one really think about it and I am sure that market is large and we are just a startup there so if you can just give us an idea of how should one think about it?

Ashish Johri: On the North America market because of COVID there is changes in strategy that we have done, earlier we were focused on the large enterprise market and there was substantial focus on the retail segment because a lot of our existing customer base is in the retail so we are strong in the retail business in DBS, because of COVID that segment has taken a beating, so we have change of strategy a little bit we have adapted. We are now focused on the mid market segments with very heavy emphasis on digital solutions. Digital solutions both in the contact center space and in the back office operations, so this ARAP win that I have mentioned is a function of the strength of our digital solutions and leading our offerings through digital solutions is an outcome of that. From a market segmentation perspective we are going after mid market segments especially with heavy digital emphasis.

Shrey Loonker: What is the size of the sales team that you have deployed there?

Ashish Johri: We are currently at around three people and we are augmenting it further, this is also supplemented by an inside sales team, which is almost 10 odd folks who are driving this inside sales team is driving our sales campaign and is also doing our account base research and marketing.

Shrey Loonker: I have more questions, should I continue or should I fall back in the queue?

Ashish Johri: I would suggest that if there are any burning questions you hold them for later, let us move to others for now.

Shrey Loonker: Thanks.

Moderator: Thank you. The next question is from the line of Purab Uday Gujar from Cameo Capital. Please go ahead.

Purab Uday Gujar: Good afternoon Sir. We have to know about the healthy sales pipeline that you guys spoke about in that context one could imagine that there would be sufficient amount of low hanging fruit with the synergy with Quess, my question is in the direction of the sales synergy with Quess one would imagine that after the merger there would be sufficient amount of low hanging fruit on the Quess side then obviously we had COVID storm come along, but can you help understand that have you kind of consumed some of it or most of the low hanging fruit or where are we in that sense and would we have expected a jump I would imagine especially on the HRO business one time jump in sales revenue?

Ashish Johri: The question is on cross sell with the Quess, the cross sell with the Quess has been solidified over the last six months, we have almost 9 to 10 deals that we have finalized in the last quarter, which have come directly as a result of our cross sell efforts along with Quess. Because of COVID we did not see too much traction in Q1, but towards the end of Q1 and Q2 we have seen some healthy traction on the cross sell initiatives. There are almost 9 to 10 deals that we have already closed through this cross sell aberration with Quess sales, I mentioned Rs.1.5 Crores in ACV that we have added and you will see a lot of these deals starting to produce revenue in late Q3 and early Q4, so all of these deals are in foundation stages that is one. Second is in terms of the size of this cross sell opportunity, I will say the initiative that only started, the sky is the limit to be honest given the customer base that Quess has, so this is not even the low hanging fruit there is miles to go for us. We are working very systematically in creating the cross sell channels with Quess, both Quess and Allsec we put in processes in place to make this more systematic, the collaboration both at corporate level and with the individual entities with Quess, there are very structured mechanisms in place to track the opportunities and bring them to closure.

Purab Uday Gujar: Thank you.

Moderator: Thank you. The next question is from the line of Vijay Kumar Subramanian from Trustline PMS. Please go ahead.

V K Subramanian: Good morning. I just would like to know more about the TCS partnership and how you are planning to scale up this partnership?

Ashish Johri: Sorry, we did not catch that, what partnership are you talking about?

V K Subramanian: You have a partnership with TCS some kind of partnership right?

Ashish Johri: Yes. The partnership with TCS is in our HRO space, TCS is leveraging our suite of HRO solutions, they drive the sales why we deliver the technology and the operation solutions in the HRO space, their offering is directed towards both India and the international markets. At this point, there has not been traction on that yet in terms of signing the customer, we have joined GTM arrangement in place with them, but at this point there is no deal that has come to solution, we were working on joint sales with them at this point.

V K Subramanian: These are COVID related stuff or generally it is going at a slow pace?

Ashish Johri: I would say it is a function of both since they are the ones who are driving sales on them, we have the technology solution, so it is a function of their sales effectiveness to some degree, but yes we have had deals on the table and then they have slowed down because of COVID, so there is a COVID impact as well.

V K Subramanian: Thank you.

Moderator: Thank you. The next question is from the line of Ankita Mehta from AB Capital Advisor. Please go ahead.

Ankita Mehta: Thank you so much for this opportunity. I first of all would like to congratulate you and I really appreciate the initiative we have taken to hold this call and I hope you continue this practice going forward. I wanted to ask a question related to the overhead cost and it has come down this time and I was wondering if we are going to continue on the cost saving and are there any more levers in place or should we assume that this is a base for the next few quarters or the things change accordingly after the normal season?

Raghunath: Thanks for that question. The cost rate initiatives that Ashish had mentioned earlier is real to say, so we will see the reduction in our overhead cost, which is a permanent reduction and the journey is not over we continue to review our internal accruals and expenses closely to make sure that any non-value added activities taken off and costs are controlled, so that is how we are very clear that the costs are not going to go up. There will be some cost increase once things return back to normalcy in terms of the utility cost when the offices gets more employees back in, but that will be ousted by reduction in the overhead related cost, I think our H2 overheads are likely to be similar like what we had in H1.

Ankita Mehta: That was helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Deepak from Sapphire Capital. Please go ahead.

Deepak: Thank you very much for the opportunity. Sir I just wanted to understand have you share any kind of outlook for growth in terms of this year and next year, so any comment on that, that would be helpful, thanks?

Raghunath: We have not shared any outlook as we are evolving from our investor engagement process, we will see how we can engage better, but at this stage we are not sharing any outlook. I think Ashish will cover in general meetings that we are looking at from a business perspective but we are not looking at a guideline, guidance kind of thing at this stage.

Deepak: Thank you very much.

Moderator: Thank you. The next question is from the line of Saurabh Ginodia from SMIFS Ltd. Please go ahead.

Saurabh Ginodia: Good afternoon. Thank you for the opportunity. I have couple of questions. First of all HRO business, what is the total size of opportunity we are targeting on the HRO side and can you also share your three-year vision for the HRO business and what kind of margin expedition do you have on HRO side over the longer period?

Ashish Johri: The first question is on the market sizing. The unaddressed market we think is in the order of about Rs.1000 Crores revenue with the market size, the SME segment, and MSME segment is a component of that at this point and that market is very, very fragmented. There are players who have some strength, but it is still very fragmented, so that market is very right for someone with a differentiated offering to go and attack and get market share, no one is in a leading position in that market. Over the three years there are two distinct strategies or rather little more than two strategies, so the first is I spoken about strengthening our enterprise solutions and there it is about reducing cost of operations and getting aggressive on our enterprises that market we are already market leaders, but it is about strengthening our position there. On the MSME and SME segment that is about creating a SaaS product. Today we customers in that space, but we operate in a managed service environment not in a SaaS, so we will create a new SaaS product directed to this market. Components of the solution will start coming to market as soon as in the next three to four months the complete build will take perhaps 12 to 18 months. Our three-year vision for that segment is the next one year is of course about building our solutions and getting our product management and our sales engine in place, this is largely going to be digital sales and partnerships alliances that will go after, so the next one year really is about getting that engine in place, the product and the sales engine product management engine in place, post that we intend to be extremely aggressive in terms of market share for that market and you should start seeing traction and visible action on that front from marketing perspective as soon as perhaps within the next six to nine months is my guess. There are some interesting plays in that segment, which are at the Quess Corp Enterprise in SME, which are very industry specific solution and we are working on those solutions as well, I cannot talk more details of that yet, but perhaps in the next quarter we can give you more details as we get results, so there are some unique vertical solutions as well, which are at the Quess Corp Enterprise in the MSME segment, so that is strategy two. Strategy three is our international expansion. We are becoming at scale in South East Asia and Manila, Manila is the second geography that we focused on and we are augmenting sales, our pipeline and growth in that region is looking extremely good so that is the second and we are hoping to expand our geographic sales presence beyond Manila in the next six months depending on how the middle east shapes up and the economy shapes up that may be another region that will take a decision on towards the end of this six months.

Saurabh Ginodia: Okay and on the margin side if you can share?

Ashish Johri: The margin side at this point the HRO business is close to, about an year back the EBIT margins in the HRO space were around 35%, we have already expanded those margins by almost 30% in this one year, so there is a 30% improvement in EBIT and EBIT margins you see coming from our digital solutions and the automation that we are driving. The endgame I think if we are successful and what we are doing, etc., I expect the margins to be north of 40% for this business. For SaaS businesses in the market you tend to see margins like 50%, but we will always remain a mix of SaaS and managed service, our large enterprise market will continue to be managed service that is our strength, so you will see mix of SaaS and mix of managed service there, I expect around 40% north and 40% to be our EBIT margin profile for this business.

Saurabh Ginodia: Okay, on the MSME part on the HRO what we believe is that the segment is competitive in nature, so what differentiation are we bringing on the table and will there be a margin diluted business?

Ashish Johri: On the differentiation strategy we are working on that I cannot disclose more details than that at this point, we are very deeply starting the players in this market, we understand and please remember that in this market we come from a position of strength, so we are not new entrants, we know this space extremely well in the past, we have chosen not to play in this space and so we are not coming from position of weakness, we already have the relationship, we have deep domain expertise, it is about creating the right solution. On the differentiated position from product perspective, we have some early talks, obviously payroll is one component and how to simplify payroll is one component of that, but at this point I cannot discuss more on that. From a margin perspective in the next one year as we build this we will of course be costs that we take on to build this business up and it will have an EBITDA impact, but at this point they are still in early stages sizing it, so as we size the impact we will issue guidance as we go along. By and large in steady state I do not expect this business to be margin dilutive.

Saurabh Ginodia: Okay that was quite useful. In your opening comments you highlighted some big deal wins both on the digital and on the HRO side, will it be possible for you to share some names of the clients from whom we have got this business and will there be any concentration risk going forward?

Ashish Johri: We cannot give our client names.

Saurabh Ginodia: Do you see any concentration risk going forward?

Ashish Johri: Not really, there is concentration risk that we are working on right now as we speak, more customers that we get as a new deal pipeline picture space post COVID the concentration risk is only going to hold on.

Raghunath: Just to add in the HRO business our concentration risk is actually very minimal. We have 400 customers and the concentration risk as it stands is very less, so any additional customer will reduce the competition risk.

Saurabh Ginodia: Another question in your opening comments I heard you saying that we are also working on some SmartPay platform, so can you elaborate on this?

Ashish Johri: SmartHR, SmartPay are our current solutions in market, SmartHR is our suite of HRMO Solutions and SmartPay is a payroll platform and I touched upon the modernization and augmentation of those two platforms.

Saurabh Ginodia: Thank you Sir. All the best. I will get back in the question.

Moderator: Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

Keshav Garg: My primary concern is that we are sitting on Rs.170 Crores of cash and by the year end it will probably exceed Rs.200 Crores and our market capitalization is Rs.400 Crores and last year we did EBITDA of Rs.75 Crores, basically the company is trading at EV/EBITDA of 2.6x and now in the AGM the management told us that you are preserving the cash to do acquisition, now Sir we know how the acquisitions of our parent company has turned out, so valued this structure's acquisition is a primary threat to the shareholders of this company and Sir I do not think you will get acquisition target at 2.6x EV/EBITDA, so since our stock is trading so cheap it does not take mix tends to do a share buyback, extinguish some share, reduce the share capital and increase earnings per share permanently, Sir what do you have to say about it?

Ashish Johri: We have touched upon this in the AGM as well. At this point there are multiple reasons to conserve cash, one is of course we are let us not forget we are in tough times right now and the order of the day is to conserve cash that is one. Second is both on the acquisition while we continue to look for opportunities we are not going to do a value destructive it will be a strategic acquisition when that happens, we are willing to take our time and make the right acquisition, no rush to do an acquisition, the right opportunity has to come. There are several opportunities that have come up in the last three quarters and we chosen not to proceed with any of them simply because we did not see strategic risk, so rest assured that there will be ROE driven decisions that will take behind the cash that we are working on. I will also ask Raghu to add comments on cash.

Raghunath: The buyback and dividend these are things that we have seen consistently monitoring what is the best way to utilize this cash and also rewarding the existing shareholders. As we come out of this pandemic this is an area that we will look at and see what is this for all shareholders is concerned and obviously having 75% of shares any cash that goes majority of the share is going to the parent company, but the intention here is to keep the cash and save the business, to see how best we can utilize in this in the business, I think that is the current thought process but we take your point, we will continue to monitor this and see what is the best thing in terms of return for our shareholders.

Keshav Garg: That is heartening, I hope what you are saying turns out to be true and Sir lastly I wanted to just understand that when will we rate our pre-COVID quarterly run rate of around Rs.80 Crores topline and around Rs.20 Crores EBITDA?

Raghunath: We believe that end of Q3 we will start getting into the pre-COVID run rate, so on a quarterly basis I think Q4 we are hoping that kind of a level.

Keshav Garg: Best of luck and please consider at least a small buyback you do not have to do a buyback of Rs.200 Crores maybe Rs.50 Crores you can do. Thank you very much Sir. Best of luck.

Moderator: Thank you. The next question is from the line of Tanya Sinha from CPS Capital. Please go ahead.

Tanya Sinha: Can you please talk about the rebranding of CLM to DBS, is this more than a name change and fundamentally how does it make Allsec stronger? Thank you.

Ashish Johri: The rebranding is more than a name change, it is a reflection of the work we have put in over the last six months in making all our offerings digital and led by digital rather than led by conventional contact centers or back office kind of offerings, so there are solutions that we have digital solutions and AIML kind of solutions, we have all industry offerings that we have whether it is contact centers or back office, so as you look at our offerings even on a website and our sales collaterals you will see lot of AIML intelligent solutions woven, so it is simply a reflection of the work we done and also reflection of where the industry and our customers are going and what they are looking for.

Tanya Sinha: Thank you Sir. All the best.

Moderator: Thank you. The next question is from the line of Vidit Shah from IIFL. Please go ahead.

Vidit Shah: Thank you so much for taking my question. Sir, my question is regarding the code on social security that is just passed but not yet notified, while it may be difficult to quantify the amount of provision or impact that it can have I am just curious to understand where do you see the impact coming from or what are the changes that can cause additional provisions to be made?

Raghunath: For Allsec when we done impact analysis we believe that there is not going to be material impact to our financials, the one area where an impact could come is that there is a talk of national level minimum wages being fixed so if that happens and thankfully we are already in Chennai, Bangalore and Noida where the minimum wages are probably higher than most of the other cities in the country, but if there is any impact that comes from minimum wages we normally discuss with our customers and sort it up, this is more than only information to the shareholders at this point of time as and when that happens that is the delta because we still do not know what is going to be the national level minimum wages. Around that on the social security and mostly it relates to contract employees and fixed term employees those are now something that impacts Allsec's financials.

Vidit Shah: Thank you so much. All the best.

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question for today. I would now like to hand the conference over to Mr. Ashish Johri for closing comments.

Ashish Johri: Gentlemen and ladies on the call, thank you for the pleasure in talking to you. We will maintain this practice of updating all of you over the call on our earnings and performance probably every six months or so. Thank you so much for your time.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.