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iGATE Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Our first question is coming from the line of Brian Kinstlinger with Sidoti & Co. Please go ahead with your question.

Brian Kinstlinger - Sidoti & Co.

Great, thanks. Hi guys. The first question I had, two; well to each of you one. We had a 7% effect of volumes based on currency, not in volumes of revenue. Have we already felt that based on what the average price is in the fourth quarter compared to the first quarter? Are we also seeing a headwind in the first quarter?

Phaneesh Murthy

I think, we are not seeing too much of a headwind in the first quarter from the currency point of view as of now, but like I said the markets are fairly quite volatile and the currencies have been swinging quite a bit. However, from the project flush, we opened eight new plans, but we are not seeing the major flush of projects, plus given the fact that some of the existing customers are really keen to reduce rates etc, my sense is that the first couple of quarters will be reasonably challenging and the second half of 2009, starting in the July quarter I think like I've been maintaining for sometime now I think will be the time when the recovery really happens for us.

Brian Kinstlinger - Sidoti & Co.

How many of those eight clients were those Fortune 1000 or however you -- significant client wins you talked about?

Phaneesh Murthy

I think we had three of those, out of the eight were reasonably large clients.

Brian Kinstlinger - Sidoti & Co.

How do you think about, when a client comes to you and says what kind of business is bad, we would like some pricing to be eased; how do you respond generally and what do you do to combat it? Do you try to push more fixed work? Do you try to do more offshore? Have you been proving utilization? What are you doing to offset that weakness?

Phaneesh Murthy

I think the first strategy clearly is to try and being able to do the same work at a lower cost by trying to move more offshore; well, that's the first strategy. That actually helps margins and doesn't destroy any volumes and stuff like that.

The second thing of course is to try and do more and more fixed price kind of contracts which are annuities. So, we are shifting the mix more and more to longer term revenues and annuity kind of revenues; and then the third thing is there are some cases where we don't have any option, but to reduce the rates a little. So, I think all of these three things are going on.

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