

"MphasiS Q1 FY11 Earnings Conference Call"

February 25, 2011





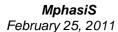
MODERATORS: MR. GANESH AYYAR – GROUP CEO, MPHASIS.

MR. GANESH MURTHY – GROUP CFO, MPHASIS. MR. GANESH PAI – HEAD, INSURANCE VERTICAL,

MPHASIS

Mr. Pratik Gandhi – Analyst, IDBI Capital Market

SERVICES LIMITED.





Moderator

Ladies and gentlemen, good morning and welcome to the MphasiS Q1 FY11 Earnings Conference Call, hosted by IDBI Capital Market Services Limited. As a reminder for the duration of this conference all participant 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 any assistance during this conference, please signal an operator by pressing * and then 0 on your touch tone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Pratik Gandhi of IDBI Capital Market Services Limited. Thank you and over to you Sir.

Pratik Gandhi

Good morning everyone. On behalf of IDBI Capital Markets Services Limited, we would like to welcome you all to the First Quarter FY 11 Earnings Call of MphasiS. We have with us Mr. Ganesh Ayyar, CEO of MphasiS, Mr. Ganesh Murthy, Group CFO and Mr. Ganesh Pai, Head of Insurance Vertical of MphasiS. Mr. Ganesh Ayyar will now take over to share the key highlights of the recent quarter with us. Over to you, Sir.

Ganesh Ayyar

Thank you. Good morning everybody. First of all let me thank Mr. Pratik Gandhi for hosting the call. I welcome all the participants on the call to this Q1 earnings call for MphasiS.

In many ways this is a different phase of MphasiS as you will see the way we are doing segmentation and if you look at our results in terms of direct wins.

Let me take you through some different aspects of our results in Q1. For the first time we have added more number of customers in our direct channel compared to HP. We added 18 new clients this quarter, 13 of these new clients are from direct channel. Just to add a bit of color in terms of direct channel wins that we have had, some of them are reflected in the results while some of them are kind of at the letter of intent stage. The focus we had in Emerging Markets has led us to two project wins. Similarly we started the journey on incubating businesses. We called this New Ventures under which we had two different businesses, Product Engineering Services and Payment Solutions, so we are getting tremendous response from the market in Payment Solutions areas, especially in the Emerging Market segment because there is pent up demand. We have unique competency and offering that is exciting in the market. We have two new wins in Payment Solutions. As I mentioned earlier, we are pleased to share with you that we are on track with the first phase of transformation, we are 100 days into our transformation. In this transformation phase, we not only looked at where we want to focus and also decided what we don't want to do because that becomes an important choice for a company such as ours.

So let me take you through the tenets of transformation that we worked on verticalization, so we decided to play on select verticals and that is how we bring unique value to the customers and that is why we have Ganesh Pai on the call today who will take us through what we are doing in the insurance segment. He will share the details later on.





One of the important aspects in our business is hiring top specialized talent and you will hear bit more details from Ganesh Pai in that area. We have done the same for Product Engineering Services to bring top notch experts from the industry such as the delivery lead for Product Engineering Services, so that was our third tenet. The fourth tenet is growth beyond HP Enterprises services. We believe that there is potential in HP beyond Enterprise Services and our predominant penetration in business from HP has been with Enterprise Services and we have created a specialized team to go after that part of the business as well. So those are the four tenets. Let me summarize them again; verticalization, Emerging Markets, incubating businesses as we call New Ventures and growth beyond HP Enterprise Services and that's what we are focused on.

So let me kind of move on from transformation and we being on track on transformation to some financial highlights. This will be for the quarter where we announced the results yesterday. These numbers are indicators of how we did in Q1. Revenue for the quarter was 1,233.5 crores up 3.5% in comparison to the corresponding quarter last year. Operating profit was 221.5 crores and net profit was 226.7 crores for the quarter. The operating and net margins were 18% and 18.4% respectively. The EPS for the current quarter is 10.80.

So from here let me move on to give you quick business updates. From the quarter onwards we will be reporting our revenues by industry verticals. This is part of our transformation. Here you will notice some of the indicators in terms of client acquisitions have been good for this quarter, which based on cycles, can result in revenues in time to come, and we have seen good traction in direct channel. So let me move on to talk little bit about the segments that we are reporting. Banking and Capital Market (BCM) business reported total revenue of 313.7 crores and contributed to 26% of the total group revenues. During the quarter ended 31 January 2011, we added one new client there. Insurance business reported total revenue of Rs 115.6 crores. The vertical contributed to 9% of our total group revenue during the quarter ended 31 January, 2011, and we added two new clients. The third industry vertical is Information Technology, Communication & Entertainment (ICE). The vertical reported total revenue of Rs 339.7 crores and it contributed to 28% of the total group revenue during the quarter ended 31 January, 2011, and we added four new clients there. Let me move on to talk about the Emerging Industries. The vertical reported total revenue of Rs 447.4 crores, it contributed to 37% of total group revenue during the quarter ended 31 January, 2011, and it added 11 new clients. From this quarter onwards based on investor feedback we have started to invite our vertical business heads to share their perspective. At this point of time I would like to invite Ganesh Pai, who is our Senior Vice President and Head of Insurance Vertical to give us a brief overview of the Insurance vertical. Over to you, Ganesh.

Ganesh Pai

Thanks Ganesh. Good morning everybody. Let me start by sharing with you what we are seeing in the market space. The Insurance industry is shifting its strategy focus from survival mode in 2010 to a growth mode in 2011. We have seen an update in capital spending on initiatives that drive revenue growth through customer acquisition and retention and we have seen this across the key sub segments; life or annuity as well as property and casualty





segments of the industry. Distribution management, customers self service solutions, analytics, application rationalization and modernization especially in areas of core systems such as policy administration and underwriting will continue to be high spend areas in 2011. On the BPO front, claims processing, sales and customer services and billing will continue to grow although we have seen an increase in trend towards integrated IT and BPO requirements from the market segment, an area that we believe we are well poised to capture. From an MphasiS stand point, I would like to share with you what and how we are doing in the industry verticals. Starting November 1st of last year, we transitioned our new organization structure where insurance is a focus industry vertical given the scale capabilities and experience within the organization as well as the market potential. At this point in time we have finalized our 3 years industry strategy and a detailed execution plan. We have created a dedicated industry solutions group headed by Ann Weber who used to be a CIO from the insurance industry. She and the team of domain experts we have brought on board in sub vertical segments will be responsible for creating and taking the market and domain focused integrated end-to-end solutions. We are targeting to launch 3 such domains driven solutions in the next 120 days and have been making investments to build the solutions. Some of these solutions will leverage best of breed third-party software products from the industry. We have recently entered into alliances with these players and are in the process of executing joint go-to market plan. We have seen some early successes to this strategy and approach; we received positive responses from the existing customers as well as enhanced interest from new prospects in the industry. We have already seen some client additions and revenue growth in the past quarter because of the execution of the strategy in phase 1. Back to you, Ganesh.

Ganesh Ayyar

Thanks Ganesh. As you can see the transformation is a journey and we are on track with regards to the transformation. Let me get back to some other indicators which would be of interest to you. Let me share with you about our cash position. We generated Rs 147.1 crores in cash for the first quarter; we ended the quarter with Rs 1,785.5 crores, approximately \$389 million of cash at the end of the quarter. Moving on to talk a little bit about human resources, in this quarter we recorded a net head count increase of 1,097 to take the total manpower number to 41,059. We are hiring the right talent to address specific requirements of our clients at this point of time; we have in total open positions of 1,723. On that note what I would like to leave with each one of you is that this is a different phase of MphasiS. The client additions demonstrate the different phase of MphasiS, it is a transformation journey and we will share all the details with you because I am sure that there is lot of interest to dissect the numbers, so we are keen to answer all the questions that you have because it is together that we're going to make this transformation successful. Let me hand it back to the moderator so the lines can be opened for questions.

Moderator

Thank you very much sir. The first question is from the line of Vihang Naik from MF Global. Please go ahead.





Vihang Naik

I just wanted to focus on your disclosures. I see that you have not disclosed a number of details you used to share earlier. Significant details were the billing rates. Can I know your thoughts on this? Are you going to disclose them on the call?

Ganesh Ayyar

It is not a conscious decision not to disclose. What happened is that from this quarter onwards we have changed our segmental reporting which we are now viewing. Earlier we used to view the business as three towers; APPS, BPO and ITO and in that process we disclosed information on those three towers. Now we have transformed our organization and the new organization is managed through industry verticals. As you can see our segmental reporting also reflects that and that way we are not tracking APPS or BPO or ITO separately. Another point I wanted to mention is that we can provide an average billing rate for BCM and for Insurance and for the other segments, but that will be meaningless from your perspective because that will be an amalgamation of APPS, BPO as well as ITO.

Vihang Naik

Okay. In the interest of better understanding can we just see how your billing rates have moved and were there any billing rate pressure this quarter, if at all what was the quantum of it?

Ganesh Ayyar

I will explain it to you. There has been rate reduction in the HP channel. As far as pricing with the direct channel is concerned it has remained stable. In fact, on the HP channel it was not an across-the-board rate decrease but it was limited to some customers of HP and this was effective from December onwards, and the total impact of this rate reduction on our revenues was 1% in quarter one.

Vihang Naik

Okay. Maybe I will come back for follow-ups. Thanks.

Moderator

Thank you. The next question is from the line of Pinku Pappan from Nomura. Please go ahead.

Pinku Pappan

My question is regarding your days of shutdown. How many days exactly did you lose? Was it holiday related shutdown or was it ramp down? What exactly was the reason there?

Ganesh Murthy

It was a holiday related shutdown. Traditionally, every year HP has been following this practice of shutting down during the Christmas and New Year holidays. To be specific, we had five days less for on-site and four days less for offshore. This happened even in the previous year where we had a similar shutdown on both HP as well as its customers, as well as some of our direct customers in the US. The reason why it was not completely visible in the previous year was because this was compensated by growth in HP channel revenues. This quarter, the growth in the HP channel has been sluggish and as a result this reduction in the number of working days has not been offset by any growth. The overall impact of that has been a 3.5% reduction in our overall revenues.





Pinku Pappan

Okay, thanks for that. Can you tell us the outlook for the HP channel; is it going to continue to remain sluggish or what are you seeing, what is the trend there?

Ganesh Ayyar

That is a good question. I want to stay shy of forward guidance. Let me share with you the trend that you could connect the dots. Almost 98% of our HP business comes through HP-ES and so if you look at a few quarters you would realize that incremental business which was coming has been lower and lower from HP-ES channel and that is the trend we saw in Q1 as well. At the same time as far as our transformation is concerned, we have created a dedicated sales team to look at having specific growth beyond Enterprise services. So the Q1 numbers reflect obviously a sluggish number of HP-ES and the focus that we have put in, in terms of having a sales team beyond ES which is just focused on non-ES areas. We are building a reasonable pipeline in that space.

Pinku Pappan

Okay. How serious is attrition in the company? Did you face any revenue loss from attrition in the quarter?

Ganesh Ayyar

It is difficult to quantify the revenue loss as a result of attrition specifically but to talk about our overall attrition, the attrition in the APPS area was 29% as compared to 30% in the previous quarter, so there has been a marginal improvement in the attrition rate. In the case of ITO we have seen a slight increase in the attrition to 25% as compared to the previous quarter. So overall it has been a mixed bag; a marginal improvement in the attrition in the APPS area.

Pinku Pappan

This is my last question. ITO headcount increase has been slowing down. Any particular reasons there or is it just a general trend that outsourcing from HP is going to slow down?

Ganesh Ayyar

No, the reason is not because of outsourcing from HP. We have a fine matching between the demand and the intake of people. What happened is, in Q4 we had increased a bench in the ITO area for skill development and I recall that we had specifically called it out during our last analyst call. What happened is we took a call this quarter looking at our revenues and impact of the shutdown on our profitability. We took a conscious decision to reduce the hiring intake and to start utilizing this bench. So that is the reason for low increase in the ITO headcount.

Pinku Pappan

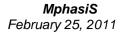
All right. Thank you very much.

Moderator

Thank you. The next question is from the line of Ritesh Rathore from UTI Mutual Fund. Please go ahead.

Ritesh Rathore

I believe we met on 26th November where you kept on saying that MphasiS is being a consistent company with consistent performance with a 20% margin set of companies and many things which showcase that you were bullish in the overall things. So what went drastically wrong in next two months that you came out with 8% Q-o-Q decline and you did not hint anything in that analyst meet?





Ganesh Avvar

I think that is a great point that you have raised. First of all, hinting is a concept called forward guidance. I was very clear that I will not give any forward guidance. Secondly, while the concept in which probably all of you viewed it was as if this transformation will happen in 90 days. I was very clear about the journey that we are on and when we undertake such transformation it takes time and the good news is we are on track and earlier you heard Ganesh Murthy, our CFO sharing with you certain aspects, so if you really look at it, in Q1 there are four elements which contributed technically to the revenue pictures that you are seeing right now. First one was the holiday related shutdown which had an impact of roughly 3.5%, second was the specific intervention around pricing rather than across the board rate cuts with HP which had an impact of 1% and then in Q4 we had certain milestone billings which were not repeated in Q1, so that had an impact of roughly 3% and then we had exchanged related movements to the tune of 0.7%. Now obviously all of you have your lenses based on which you are viewing the numbers and the transformation that we are undertaking. But hinting is not something which I indulge in because I think that is a very dangerous game to play.

Ritesh Rathore

No, but you did not even disclose the fact about the Q4 milestone revenue which you should have said in the investor conference call.

Ganesh Ayyar

This was a normal process. In various quarters there are certain fixed price projects and based on achievement of milestones, we recognize revenues and do the billing. So it is part of the normal process. We have specifically mentioned it in this call because that is one of the reasons for drop in revenue in Q1.

Ritesh Rathore

Did the renewal take place in that particular contract, where the milestone was achieved or is it still in the discussion mode on that business?

Ganesh Ayyar

It all depends; it is project to project because if the final milestone is over, the project is over, but if it is only an intermediate milestone the project will continue.

Ritesh Rathore

Okay. The second was on the pricing, you said it is December. So is it one month impact in the financials or is it three months impact which you have absorbed for the pricing category given to specific clients?

Ganesh Ayyar

This is two months impact, it is effective from December, and the total impact in Q1 is 1% overall revenues.

Ritesh Rathore

On the pricing when you said you give selective prices to direct customers

Ganesh Ayyar

No, not direct, sorry I said HP channel.

Ritesh Rathore

Yeah, HP channel means customers whom you deal directly with via HP. So when is the process for giving a price cut to HP in the form of commission or in other forms which you have. There are various segments within HP and there are various types of cuts which you





may give to HP. So I believe there is one process where you bill directly to HP, there is one process where HP takes a commission out of the direct billing which you bill to other clients. So are there such kind of re-negotiations on the table or that sort of thing?

Ganesh Murthy

I think there is a misunderstanding on the way we bill HP or our HP channel. We invoice only to HP, we don't invoice directly to the customer even though we do delivery to the customer. So there is work that we do on a rate table basis and there is work that we do for HP customers on a market determent pricing. So the cuts that I am referring to are invoiced only to HP and not directly to the customers. The reductions I am referring to is for the latter portion where it is market determent pricing where we had given certain reductions in our rates to customers effective from 1st December.

Ritesh Rathore

Okay and when does the rate cut re-negotiation take place? Is it every six months?

Ganesh Murthy

No, there is nothing like that. We are not talking to clients to pursue any more rate decreases.

Ganesh Ayyar

Let me answer it in two parts. Every six months we sit down and discuss our rates with HP as part of the contract. The major thing which happened was in the month of November. We did not give any rate cuts to HP; in fact, we are in discussion with regards to the cost of living allowance with HP which is in the other direction. So right now if you are thinking about Q2 there is no major negotiation happening with HP which will result in rate cuts.

Ritesh Rathore

Okay. And one more thing, you said you are just seeing hundred days of this transformation journey, so why has the direct channel revenue de-grown by 3.5%? Other players in the industry are showing a QoQ growth rate in spite of being lower number of days or whatever, so what has gone wrong over there? Have you a rationalized client base or done some rationalizing on the portfolio side?

Ganesh Ayyar

First of all, of it is not a 3.5% decline; it is only a 2.5% reduction in the direct channel business. We had the same impact of the shutdown for some of our direct channel customers who are based in the United States. It will take some time for us to stabilize and grow the direct channel. It is not something that can be achieved in one quarter itself. But as Mr. Ganesh Murthy has pointed out, I think the forward indicators are looking positive so far as direct channel is concerned.

Ganesh Murthy

From order to revenue cycle in this industry, it is anywhere between 6 to 9 months, so one should not expect miracles on a 90 day basis.

Ritesh Rathore

One final question. Since your EBIT is like eight quarters back, you have Rs 176 crores if I remove the provision. You have gone back to the eight quarter net. So does it become any case for buyback or something like that? Are you thinking or the board thinking on those terms?

Ganesh Ayyar

That is something which I can't comment on. When it happens you will definitely come to know.





Ritesh Rathore Was there any thought recently on the buyback front during board meetings that you had?

Ganesh Ayyar No.

Ritesh Rathore Okay, thanks.

Moderator Thank you. Our next question is from the line of Manju Bhashini from Sundaram Mutual

Fund. Please go ahead.

Manju Bhashini On the utilization front this quarter, there has been a marked decrease in terms of offshore in

all their services, be it Applications, ITO except BPO wherein there has been an increase. Any

particular reason you would like to attribute it to?

Ganesh Ayyar Yes, you are right. There has been a reduction primarily; I think the major reduction was in the

conscious decision because of the high attrition that we were running in the earlier quarters and decided to increase the bench so that we can take care of the attrition and that has actually

offshore applications utilization. We went down by about three percentage points. We took a

helped us in reducing our overall attrition too. Now that we see the attrition trend reducing in

future quarters, I think there is scope for us to improve our utilization in the forthcoming

quarters.

Manju Bhashini Okay. In terms of the general and admin breakup that we have given in our results there has

been a considerable decrease in the employee cost over there. The decline is by nearly 60%

sequentially?

Ganesh Murthy If you see the note, we have mentioned very clearly that there was a provision of Rs 176

million that was reversed as it was no longer required. This is specifically related to management bonus. We follow the practice of accruing a certain amount of management

bonus and this is accrued in a conservative manner. The Compensation Committee of the board finally approved a management bonus and the excess that was accrued was reversed in

this quarter. You will also notice that the same trend was there even in the last year. Last year

we had about Rs 206 million of accrual that was reversed for the management bonus in quarter

one 2010.

Manju Bhashini Okay Sir. Going forward, this current level of Rs 13 crores is the more sustainable number,

you say?

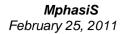
Ganesh Murthy No, the Rs 13 crores is net of the reversal of 176 million, so sustainable model will actually be

around 30 crores.

Manju Bhashini HP Enterprise solutions business did grow very well, they had registered close to 22% yearly

growth. But what is the reason that we think that HP Enterprise business may not grow as much as it did in the past and our focus to non-HP-ES increasing in terms of spending more is

preferred for getting more of non HP-ES businesses. What is the thinking there?





Ganesh Avvar

When I say Enterprise services business, it is in relation to our business with Enterprise services and I understand you are trying to correlate their growth with our growth. If you really analyze their growth with our growth, our business has grown over the last few quarters with the Enterprise services but the rate of growth has declined significantly. Of course in this quarter for which you are analyzing the results you would see a decline simply because of various factors which were explained to you earlier. The second part of your question was relating to why we focused on beyond ES. This is because first of all there is opportunity that exists and we believe that we should tap into that opportunity. So it is not in view of the Enterprise services that we are pursuing the rest of HP. We are pursuing the rest of HP in addition to Enterprise services.

Manju Bhashini

Any broad indication of what can be the growth expected for the enterprise segment as such for MphasiS going forward?

Ganesh Ayyar

Earlier there was a question about why didn't you hint; I'm very cautious of the fact but last few quarters if you really look at it, it has been sluggish for us. That is where I will stop.

Manju Bhashini

Thank you Sir.

Moderator

Thank you. Our next question is from the line of Devan Sangoi from Birla Sun Life Insurance. Please go ahead.

Devan Sangoi

I would like to ask a couple of questions. One is, what is the margin impact on the billing rate decline from the overall billing rate decline of what you have seen. Second, if the industry growth is X what will be your volume growth for the current year? Would you be beating industry or would you be below industry trend?

Ganesh Murthy

The entire 1% price reduction will directly flow to the margins so there will be a direct impact on the margin. As for growth in the future, we do not provide any guidance on our future growth.

Ganesh Ayyar

Let me tell you how we run our company. One of the things which we do is, we have intense benchmarking done about our performance versus the industry and strategic peer group and we always benchmark ourselves against the strategic peer group. The entire management compensation is dependent on not just how well we do against our target, but how well we do against the industry and the strategic peer group.

Devan Sangoi

In the analysts strategic meet you said you will target an EBIT margin of 21%, in the worst-case?

Ganesh Ayyar

There were two parts of discussion. I said earlier in the year 2010 we have been operating around 20 to 22% and then somebody asked the question about what this transformation means. I said that I expect the band to be lower than what it was before because not only do





we have to invest, we also need to make sure that we are not forsaking growth for the sake of higher profitability. I'm not referring to higher profits; I am referring to profitability.

Devan Sangoi What would be the sustainable EBIT that you will target?

Ganesh Ayyar This year to be precise, the range in which we are operating in is the range that you're seeing,

and I believe that is the range within which we will be operating.

Devan Sangoi This quarter should be bottom of this range or should it be top of the range?

Ganesh Ayyar I will not been able to specifically answer the question but if I was in your shoes, I will take

the range to be plus or minus one percent from there on.

Devan Sangoi At what price will the RSU's be issued?

Ganesh Murthy Around 150,000 RSU's have been allotted on 1st of February. The vesting period is two years

so we will be accruing for those RSU's over the two-year period, based on fair value.

Devan Sangoi What will be the price, Sir? Will it be market price?

Ganesh Murthy It will market price. We will go by the Black-Scholes model and we account for it on fair

value.

Devan Sangoi Third thing, on the acquisition front, you're sitting on a good amount of cash, can you

highlight something on that front?

Ganesh Ayyar The story is no different from the investor conference, we have strategies and we want to put

the cash to use. We are clearly looking at what is possible, and once we are there and when we are reaching the target we would share the details. So our position is looking good for

acquisitions which accelerates our strategic position in the chosen areas.

Devan Sangoi Thank you very much.

Moderator Thank you. Our next question is from the line of Prashant Shah from Reliance Life insurance.

Please go ahead.

Prashant Shah I just wanted to confirm one of the following questions, the business that we route through HP,

I wanted to know whether 100% of this, we invoice to HP or there is some other mechanism to

it.

Ganesh Murthy All the business in the HP channel, the actual invoice will be raised on HP.

Prashant Shah We also spoke about the pricing decline of 1%. This is only for the first

two months, can we expect some more decline coming in the next quarter?





Ganesh Murthy There is no further price reduction. Let me be very clear, we had a price reduction in certain

select accounts in the HP channel and the net impact on Quarter 1 revenue was 1%. But the pricing impact was only from the December, so 1% is the pricing impact for two months in the

quarter. So if you extrapolate, it will be 1.5% for three months.

Prashant Shah We can expect another 0.5% decline in the margin next quarter?

Ganesh Ayyar I think that in isolation to comment on that will be unfair but we are divulging the information

that it was 1% in Q1, since it was for two months and if you extrapolate it, it results in 1.5%.

Does that mean our profitability will drop by 0.5% is a different question altogether.

Prashant ShahNo because in the previous question we said that 1% impact will be directly felt on the

margins?

Ganesh Murthy What I said was this was felt on the margin in Q1. If everything remains the same, then you

are right, it will have the same impact in Q2. There are certain other levers that we can use. As someone pointed out, we have quite a low utilization so that is one significant lever that we

can use in Q2 to improve our margins and offset this price reduction impact.

Prashant Shah Thank you Sir.

Moderator Thank you. The next question is from the line of Mr. Pratik Mehta from Bajaj Allianz life.

Please go ahead.

Pratik Mehta You mentioned that you will refrain from giving forward-looking or hinting in terms of how

the business growth would be, so would you consider giving out guidance because projecting the revenue growth trajectory becomes incrementally much more difficult and also given that

HP also gives guidance, then why not start giving forward-looking guidance.

Ganesh Ayyar That is a suggestion that I will definitely take, we will think this through our governance team

to see whether we want to change our position and I will definitely table it in our next

governance meeting.

Pratik Mehta One more question, utilization levels have come down given lower billing rates and lower

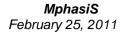
sluggishness in HP revenue, so do you see that going back to previous quarter levels and also given that we have 4% of current manpower as openings currently, do you see utilization

going back to previous levels in a hurry?

Ganesh Ayyar The current utilization rates that you have seen does not necessarily relate to billing rates. It

has more to do with the bench strategy that we have in place. If you look at our past record, our utilization rate has been better than current and that is where we believe we need to

stabilize.





Pratik Mehta There is close to Rs 139 crores increased unbilled revenues in this quarter which amounts to

more than 11% of this quarter's revenue, so can you specify does this pertain to any particular

contract or what is this about?

Ganesh Murthy

The increase is primarily on account of the HP channel. What happened is that HP changed its

billing methodology. They discontinued the EDS system from many accounts and went with the HP systems. Some more documentation was required and so there was a delay to that extent in raising the invoices. You will see significant decrease in the un-billed revenue in the

following quarter because the invoices have actually been issued in the first week of February.

Pratik Mehta And provision write-back we had close to Rs 43 crores this quarter and also you disclosed Rs

20 crores sort of provision write back in the previous quarter that is Q4 of last year. I'm not

sure if you disclosed this number last quarter?

Ganesh Murthy Last quarter it was Rs 23 crores, we did not disclose it, but we felt that it is better in terms of

corporate governance to start disclosing these kinds of write backs, so the audit committee as well the board took a decision to disclose it and in future we will continue to have such

disclosures.

Pratik Mehta That is it from my side, thank you.

Moderator Thank you. The next question is from line of Atul Bhole from Tata Mutual Fund. Please go

ahead.

Atul Bhole Sir, you explained 4.5% reduction in revenue, 3.5% from shutdown and 1% from billing rate

reduction, can you throw some light on the remaining 4% revenue reduction?

Ganesh Ayyar I articulated four different areas; 3.5% due to lower number of days, 3% relating to milestone

billing which happened in Q4 versus Q1 and 1% due to the rate reductions which we did on

selective basis for some clients through HP channel and 0.7% is due to foreign exchange.

Atul Bhole Okay, thank you Sir.

Moderator Thank you. Next question is from the line of Diviya Nagrajan from UBS. Please go ahead.

Diviya Nagrajan Hi, lot of questions have already been answered but just a follow-up to the growth numbers

that we have seen this quarter. I do understand there is a seasonal impact, I do understand that we had some pricing impact but these seems to be a phase for the industry where there is all around recovery and more bullishness on demand. Are you seeing that coming through in

2011 for you as well?

Ganesh Ayyar We are participating in the same market as everybody else. I do see market demand to be

strong and that's what we have to translate into our success in times to come.





Diviya Nagrajan

Right and just another suggestion if I may, you have changed your reporting structure into the vertical based alignment. It would be helpful if you could give us few quarters of backdated data. You have given us January 10 and January 11 that will be great if you can give us a fill in of the quarters in between as well so that we have some basis to compare the growth numbers on? Thank you.

Ganesh Murthy

We will look into that. There is quite a lot of work involved in going through the previous quarters and trying to fit them into the current structure. But we will look into it and see how we can do that.

Diviya Nagrajan

Thanks, that's all from my side. Have a good year.

Moderator

Thank you. Our next question is from the line of Sandeep Shah form RBS. Please go ahead

Sandeep Shah

We do understand that the seasonal weakness has impacted the growth but if you look at the last time 1st Quarter of 2010 the growth in the revenue was 6% to 6.5% sequentially and even if we look at the HP Enterprise side of the business currently we are at \$700 to \$800 million versus the addressable size of \$26-\$28 billion and when we speak to the other large cap peers everybody is speaking that despite the IT budgets have been low single digit there is an incremental offshore which has been driving. So why the same strategy has not been witnessed by MphasiS from the HP-ES channel revenues?

Ganesh Ayyar

That's a great point that you have made. Part of it was mentioned by Ganesh Murthy earlier that in Q1 of 2010 we had the same issue of shutdown and the revenue getting impacted but the incremental business that came through HP basically compensated for that and result in growth was visible. Now at this stage, if you look at the HP business the incremental growth has been steadily coming down and has become sluggish and hence, shutdown numbers are showing up. In Q1 of FY10, HP new client additions were 11 and in Q1 of 2011 HP new client additions were 5. So those are the two data points which we will share with you from the sluggishness aspect of the business.

Sandeep Shah

Okay, and Sir, in terms of ITO also if you look at the employee base, it has more or less remained stable on a QoQ basis even if we look at the offshore utilization it has gone up. But the revenue has declined. So is it that one-time revenue booked in the last quarter was in the ITO so the billing rate in this quarter which seems as per my calculation has declined materially is a normalized billing rate for the ITO?

Ganesh Murthy

Your question is where is the milestone billing, whether it took place with Apps or ITO? Is this your question?

Sandeep Shah

Yeah, the first question is, in the ITO the employee numbers are more or less stable, the utilization on the offshore has gone up but despite that the revenue has come down. So is





there a revenue decline and if yes, is it coming because of the onetime revenues in the ITO last quarter?

Ganesh Murthy

It is not only ITO, it is both ITO as well as Applications.

Sandeep Shah

Okay, and Ganesh Ayyar, last time in the analyst meet you said that we were a boring company and you had defined a boring company as a company having consistent growth. But if you look at this quarter's performance it definitely is not consistent and I do agree it's just 90 days in terms of your transformation. So how do you define this strategy going forward?

Ganesh Ayyar

I agree with you that this quarter's results have not been boring in that sense. The strategy is in place and for the first 90 days of our journey or now 100 odd days, I believe we are clearly on track. Our client addition and the response from both existing and future customers have been positive. I see no reason for us to change our track. There are multitudes of reasons why the numbers look the way in Q1 and there are logical explanations for all those numbers. So I see no reason for us to give any immediate reaction and change of strategy because fundamentally we believe that we need to differentiate ourselves and clearly in the first stage we are hearing good things from our clients and our pipeline is being built accordingly.

Sandeep Shah

And Sir, the last question is, this quarter's growth has been impacted by 3.5% because of the seasonal weakness and if we assume that there is more incremental pipeline going forward then the coming quarter the growth rate may bounce back to a high single digit?

Ganesh Ayyar

That's a question which I would definitely defer because that literally amounts to forward guidance. I have clearly shared with you where we stand with regard to our transformation, our customer response and that is where I will stop.

Sandeep Shah

And Sir, on the margin, which may be a question for everybody. This quarter if we exclude the one-offs, then the EBIT margin maybe even closer to 15% and in reply to one of the questions you have said that the EBIT margin range could be 18% plus or minus by 1%. So are you more or less looking at a significant jump in the margin in the coming quarter? If yes, then what are the drivers? Because the headwinds could be the normalization of these one-offs plus there could be an incremental billing rate decline of 0.5% and the RSU charge which may come into picture?

Ganesh Ayyar

No, technically you are helping me with all this data but one of the things which we have is different operating levers—used to improve margins. Also when you're talking about the percentages, obviously that is a tougher game, and absolute profit, both are of interest to us and when I answered the previous question, he asked whether 18% is your range, is it 18 to 20 or something else? I said if I were in your shoes for your own purposes take it as plus or minus 1% so that's where I will stop and at the end of the day we guide our action based on the bands within which we want to operate that's how we define success. Now whether we actually succeed in terms of delivering those numbers time would tell. But so far our track





record has been that when we define the band we tend to operate within that band and we have delivered it over the last 8 quarters. This quarter obviously we created more excitement than what we have done compared to previous 8 quarters. But we will continue to work on those things. There are certain operating levers that we are working on as we speak.

Sandeep Shah Okay thanks.

Moderator Thank you. The next question is from the line of Rohit Choradia from Kotak. Please go ahead.

Rohit Choradia Hi, very quick question on your RSU grants that you granted on February 1. Can you share

with us the quantum of these RSUs? Second question on that would be, to how many people in the organization have these RSUs been granted and if you can also share the cost accrual that

will happen over the next 2 years?

Ganesh Ayyar We will comeback with that clarification. I don't have a problem sharing it with the analyst.

Specific data has not been done as of now, we will provide that data, it's not an issue.

Rohit Choradia So should we expect communication from you?

Ganesh Ayyar Yeah, we will do it through investor relation.

Rohit Choradia Okay, and another follow up question on that, is there a RSU policy that you now have in

place, would you look at periodic grants going forward?

Ganesh Murthy We will give you the background here. Earlier we used to have HP RSUs issued to senior

management and from last quarter we discontinued that. We took a decision and we communicated that we will henceforth replace the HP RSUs with MphasiS RSUs. So that's the policy. We already got the RSU plan in place and we will be periodically issuing MphasiS RSUs based on performance, both company performance and individual employee

performance.

Rohit Choradia Sure, if you could also share to what extent you are going to take this RSU plan, will you

cover the middle management level or also technical employees as well, if you could just

share some details on that?

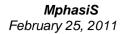
Ganesh Murthy We may not go that granular. I think what we will do is we will share with you the grants and

the fair value and what does it amount to in terms of quarterly cost.

Rohit Choradia That will be wonderful. Thank you very much.

Moderator Thank you. The next question is from the line of Anand Bhaskaran form Spark Capital. Please

go ahead.





Anand Bhaskaran

Hi, I just wanted to understand a couple of things. One, we have seen almost a muted headcount increase and utilization but are you missing out something on extent of pricing decrease that we are seeing as a work back from broad numbers, it looks like more of 4% kind of pricing cut on the overall thing?

Ganesh Murthy

How did you arrive at 4%, it is 1% impact on the quarter, but of course, as I mentioned, it was only for two months, so if we extrapolate it will be 1.5%.

Anand Bhaskaran

Okay, the other thing is if you could share the rate, just wanted to know the segment wise billing rate you said you could potentially provide in terms of banking, insurance and other segments. Just wanted to know how those particular rates move over last 4 quarter period?

Ganesh Murthy

We can provide that information but it will be meaningless because it is in an amalgamation of BPO, ITO and APPS. So we can give you a weighted average but it will be completely meaningless because there is a big gap between BPO billing rates and APPS and ITO billing rates

Anand Bhaskaran

Sure, the mix is skewed. I just wanted to get the trend, is there any business which is particularly dragging you down? The next question, just wanted to get in terms of HP, where every six months you go ahead and revisit billing, next one I presume is due in April so just wanted to know what your thoughts at this point of time on this, and second point is, what led to the select clients getting pricing revisits, wanted your outlook because across the market it's more pricing hike or talks of pricing. What were the reasons for the pricing cuts that the customers ask for?

Ganesh Murthy

So let me address the second point, these were contracts which are linked to the contract which HP has with the end customer. So these are back-to-back contracts and in those contracts which HP has with end customer there are certain price paths where HP has offered a glide path to its customers, where over a period of time due to productivity and so on they offer certain reductions to their customers. Since it is linked to the end customer price, we also have to reduce our rates when HP reduces its rates to its customers.

Anand Bhaskaran

Okay, are there more such contracts in pricing that could potentially come for renewal in the remaining, maybe next 2-3 quarters?

Ganesh Ayyar

They could be, but it is not very significant.

Anand Bhaskaran

Okay thanks.

Moderator

Thank you. The next question is from the line of Koushik Pal from Kotak Mutual Fund. Please go ahead.

Koushik Pal

Hi, I want to take a qualitative feedback on how this year will progress refraining from special numbers or anything, if I look at your business now, let us say roughly 70% is coming from





HP and you also mentioned that any new business from non-HP channel which were actively trying to grow will take 6 to 9 months setting cycle. So probably next 2 or 3 quarters we should not expect the big jump on that account, now therefore will my logical conclusion be right that your performance this year will largely be what happens to the HP channel and how far will you be impacted by whatever outlook that HP is sharing because their Q2 outlook is also quite muted, how quickly or directly will that translate into your performance maybe you can give some qualitative feedback there.

Ganesh Ayyar

Let's start with data points which you have articulated which we have already shared, that 70% of our business was coming through HP as a partner and HP as a customer and 30% was coming through the direct channel. So activity in direct was happening even before. It's not as if we had stopped doing anything in the direct space and due to the transformation suddenly the activity has started. View my statement in the context of new logo wins and then based on that, getting it translated into revenue. So that is one point which I want you to keep in view. Secondly, within HP if you look at our Q1 results ES business has clearly started becoming sluggish over a period of time. The third aspect and that is data available to you and visible to you, you can do the extrapolation. It is the activity which we are undertaking beyond ES within HP that also holds a significant market potential for us. The question is whether we will be able to convert that potential into revenue for us and that is also an exciting place to be in as far as we're concerned.

Koushik Pal

Okay, but what has been your recent performance because we have a consolidated number of 70% and that number is growing or de-growing. But what has been your performance in that non-ES space over the last three quarters is it actually showing traction?

Ganesh Ayyar

One of the things which we will work towards and obviously when we want to share any specific wins, we need to check with our customer. Whether it is direct or HP we will see how we can share some of the wins as and when we have it in non-ES space and the implications thereon so that you can think through as to what it means financially and you can do your own projections. I commit to you that we will start sharing that based on the promos that we seek.

Koushik Pal

Okay, if you can respond to my question about how will HP's outlooks or sluggishness or growth or de-growth in their business. How fast is it translating into your business if you can just give some qualitative feedback?

Ganesh Ayyar

The only thing which I can comment on because I can't speak for HP is that the HP ES business that has been coming to us has been slowing down over a period of time and that is a statement of fact and what does it mean for the future, who knows but at this point of time it has been sluggish.

Koushik Pal

Okay, that's all from my side, thank you.





Moderator Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal

Securities. Please go ahead.

Ashish Chopra Sir, my first question is about the 1,723 open positions that you spoke about so could you just

elaborate on the areas in which these positions are currently?

Ganesh Murthy Yes, ITO we have 471 and APPS we have 1,252 open positions.

Ashish Chopra Okay, and secondly I wanted to ask about the Emerging market. You spoke about the

seasonality in the US whereas even in the Emerging markets our revenues have been flat QoQ and actually declined YoY although you spoke about tremendous traction in Payment Solutions etc., in this geography. So would it be fair to assume that going forward the incremental growth would be greater from this particular geography as compared to the direct

channel and the mature market channel?

Ganesh Ayyar No, the Emerging Geo also has an element of direct so you can't conclude that way and

Emerging Geo carries all three lines of business for us, Apps, BPO, and Infrastructure. So the best way to describe this is that our base is small in Emerging. Obviously whatever additional traction we get shows up as a bigger percentage. But I believe the market opportunities within

Emerging and Mature markets are available and we have our job cut out.

Ashish Chopra Okay. I wanted to know in our go-to-market channel with HP what could be the slice of

infrastructure or ITO.

Ganesh Murthy Joint go-to-market, mostly it is Applications.

Ashish Chopra Okay, very little ITO?

Ganesh Murthy Yes.

Ashish Chopra Because where I was coming from was again on the HP results wherein they reported kind of

record mega deals and primarily driven by the ITO segment. So I just wanted to know is there

any way that could actually flow in some form to MphasiS as well?

Ganesh Ayyar There are two different models that we work on. One is the model you call joint go-to market

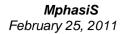
where the end user pricing drives our pricing. Second model is rate card driven and both are available to HP and some of these mega deals we do have the potential to get it through our

rate card even though currently it maybe joint go-to-market. So that potential does exist.

Ashish Chopra Okay great, and Sir, lastly if you could share the hedging details?

Ganesh Murthy The hedging remains the same as it was in the earlier quarter. It is about 480 million USD

hedge, 40 million for AUD, again about 40 million pounds sterling and smaller amounts in





Euro, Canadian dollars and Singapore dollars. So overall our hedging policy remains pretty consistent.

Ashish Chopra Okay, that's it from my side, thank you.

Moderator Thank you. The next question is from the line of Yogesh Agarwal from HSBC. Please go

ahead.

Yogesh Agarwal Hi, just couple of questions from my side. Earlier in the call you eluded to your HP rate card

linked to some cost of living adjustments so can we expect some improvements through the

year on pricing with HP?

Ganesh Ayyar No that is something which we would like to have. If it was already agreed, I would have

shared it with you. But I just want to share with you that negotiation is not a one-way process with any customer or partner including HP because the cost of living has gone up here. So

whether it ultimately results and whether we agree, time will tell. But as soon as it happens,

during the next quarterly results if it has happened, we will definitely share.

Yogesh Agarwal Okay, and secondly on your strategy to get tractions outside Enterprise Services in HP based

on your initial talks with HP, do you feel that the company is willing to proactively push MphasiS and offshore into its accounts? The reason why I'm asking this question is considering they are under tremendous revenue pressure on their guidance. Sending work off

shore would cannibalize the revenue rate further. So do you believe they proactively would

like to push offshore to MphasiS or is going to be more of a push from your side or from the

clients?

Ganesh Ayyar I fundamentally believe that we need to have control over our future and expecting HP to push

into MphasiS is their own business and it is something which I will leave it to them. We have

to do our job and that's the fundamental principle of operating our business.

Yogesh Agarwal But they are open to discussions on outside Enterprise Services when you go and approach

them?

Ganesh Ayyar Yeah absolutely, if we have value proposition, HP is an open company, they are willing to

listen and the question is whether we have our value proposition.

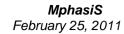
Yogesh Agarwal Okay, all right, that's it from my side thank you.

Moderator Thank you. The next question is from the line of Manik Taneja from Emkay Global. Please go

ahead.

Manik Taneja I just wanted to get a sense on our tax rates for second-half of this year as well as for next

year?





Ganesh Murthy Second half of this year, assuming that there is no extension of the STPI scheme, we're

looking at effective tax rate of around 24% which is in line with the industry trend and the next quarter is actually a split quarter because we have two months of around 11.5% and the last month assuming that there is no extension would be around 24% to 25%. So we were

looking at a weighted average of around 15%.

Manik Taneja Okay, and also just a sense on our total hedges currently as well as the hedging gains lying on

a balance sheet.

Ganesh Murthy As I mentioned we had 480 million of USD, 40 million AUD and again 40 million pound

sterling exposure. You are talking about what is lying in the balance sheet, I presume you're

talking about OCI balance?

Manik Taneja Yeah.

Ganesh Murthy So the OCI balance is Rs 9 Crores.

Manik Taneja Sure Sir, thank you.

Moderator Thank you. The next question is from the line of Manju Bhashini from Sundaram Mutual

Fund. Please go ahead.

Manju Bhashini Sir, what was the provision that we had made in the cost of revenues for doubtful debts this

quarter and what was the number in the previous year?

Ganesh Murthy There was no doubtful debts amount.

Manju Bhashini No there was a provision write-back this quarter amounting to Rs 25 Crores which was

reflected in the cost of revenues line item, right?

Ganesh Murthy Right, that has got nothing to do with the doubtful debts. These were Telecom charges that

were in excess that we reversed.

Participant But have you made any other provisions this quarter?

Ganesh Murthy We always accrue for expenses where the bills have not yet been received, that's a part of our

normal accounting practice.

Participant But are there any provisions that you have made this quarter other than normal expenses on an

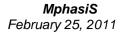
accrual basis, any provisions towards contingencies, bad debts or anything of that sort which

has not been disclosed?

Ganesh Murthy

No. If you're talking about any contingencies or bad debts, the answer is no. We have not

made any provisions. We have just made normal provisions for our normal expenses.





Participant Okay, which is how much?

Ganesh Murthy No we don't even track those figures because those are normal run rate. We provide for

electricity, we provide for rent and so many things for which the bills or invoices have not

been received by the end of the month.

Manju Bhashini Thank you, Sir.

Moderator Thank you. The next question is from the line of Rajesh Kothari from ALF Accurate Advisors.

Please go ahead.

Rajesh Kothari I have two questions. First is on the current quarter results, is it in line with your own

estimates when you started the year?

Ganesh Murthy We have a target to achieve and we are looking towards the target. We continuously revise

our forecast practically every week as we come closer to the end of the quarter and sort of fine tune the forecast. So to answer your question, it was not completely apparent to us that we will

have such a decline at the beginning of the quarter.

Rajesh Kothari Okay, and my second question is, you mentioned in the announcement that you're a boring

company with a 20% growth. Do you still stick to that forecast?

Ganesh Ayyar Sorry, did I say 20% growth rate at any point of time?

Rajesh Kothari 18% to 20% growth you said that in an announcement, it is not going to be a very high growth

company. You can assume 15% to 20% growth, something like that.

Ganesh Murthy We never gave out any growth projections. What we mentioned was that our aim was to

contain our EBIT margins, making our EBIT margins between a range of 18% to 20%.

Rajesh Kothari And you still stick to that?

Ganesh Ayyar That was the question which I answered earlier; I don't know whether you were on the call at

that point of time. Because the question was asked, your current 18% is within the range and then the question was asked what the range is? So I said if I was you I would take it as plus or

minus 1% from there.

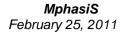
Rajesh Kothari Okay and what steps you think you need to take to improve the transparency levels of the

company?

Ganesh Ayyar Why don't I impose the question to you, what areas are we not being transparent?

Rajesh Kothari Last quarter for example there were no such disclosures about one-off revenue, the reversal of

the expenses. If it would have been known to us then we would have been forecasting





accordingly. We will not be putting 100 into 105 QoQ growth then we would have said 95. One quarter and your 25% market cap is off. I'm sure that at the management level you must be worried that why the stock is 25% off your market cap in one day and it is not a small Company.

Ganesh Ayyar I understand, let's not get too excited here.

Rajesh Kothari No, investors are losing money; it is not a question of excitement. There is nothing to be

excited about.

Ganesh Ayyar No I understand but if you are specific as to what is it that you're looking for I can answer

your question.

Rajesh Kothari I am telling you the disclosures are not in line with the HP management which one would have

expected in the past and we are not too sure at this point of time whether the adequate disclosures are fully made. Are there further one-offs which you would like to disclose at the

current quarter? What is going to be a disclosure policy going forward because volatility is

one thing which any investor would not like.

Ganesh Ayyar So you're saying that we did not share one-off at end of Q4?

Rajesh Kothari True.

Ganesh Ayyar So the only point which you are raising is why aren't you sharing with us your forward

guidance which was a point made earlier and I mentioned this to all of you that I'm going to take it back to the governance board and look at it and see whether we can share forward guidance. If your definition is that if the forward guidance increases our transparency we are

definitely willing to look at it.

Rajesh Kothari Great sir, thank you very much.

Moderator Thank you. The next question is from the line of Shradha Agarwal from B&K Securities.

Please go ahead.

Shradha Agarwal Hi, just a follow up on the earlier question. When you say you will be focusing more on non-

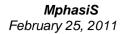
HP Enterprise Services, what exactly would you be looking at, incrementally what new areas

would you be catering to there?

Ganesh Ayyar There are various facets of HP, one is professional services organization which services HP

software. Then you have areas relating to printers, there are services which normally people don't associate with and you have areas like technology services. So there are various facets of HP where we could potentially create a value proposition and as we have created a new sales

force we are using that sales force to work in this area.





Shradha Agarwal Sir, correct me if I am wrong but my assumption was probably HP India looks into more of

non-HP Enterprise Services, so would you in a way be conflicting with HP India's interest in

the same competing service portfolio?

Ganesh Ayyar I don't view HP global delivery as competing with us. The market is large enough for us to

coexist and which areas they focus on is something which they can answer but from my view point, the key question is whether we have a value proposition for HP in those areas and their clients. If we have a value proposition, we can convert it into potential deals and revenue and

that's what we're working on.

Shradha Agarwal And what gives you confidence that probably HP Enterprise Services are sluggish; probably

your growth rates would be matched looking at more of non-Enterprise Services. What is that

visibility you're getting from the non-HP Enterprise channel?

Ganesh Ayyar The leading indicator which we used is basically a pipeline and probability. As the deals start

flowing in, first they turn into pipeline, and translates to revenue. It's no different from any other company and that's precisely what we are using here. I see HP non-ES as an important

market that we could potentially address.

Shradha Agarwal Right, and Sir just one quick question. Under Emerging industries which micro verticals do

you club mainly?

Ganesh Ayyar Everything other than what you have seen there fundamentally. It includes things like

manufacturing, healthcare, government, logistics, and transportation.

Shradha Agarwal Okay thank you so much.

Moderator Thank you. The next question is from the line of Divya Nagrajan from UBS. Please go ahead.

discussion on pricing which HP would be revisited every six months, does that still hold and

in that case will you again be having a discussion on pricing in June-July?

Ganesh Ayyar The discussion that happens doesn't mean it results in reduction. As you can see the discussion

which took place in November-December timeframe, we did not do any reduction across the board. There were some selective customer specific reductions that we extended by 1% in the

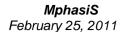
Quarter. So we will sit across and discuss whether it will result in pricing reduction or not May

onwards.

Divya Nagrajan Thanks.

Moderator Thank you. Ladies and gentlemen that was the last question. I would now like to hand the

floor back to Mr. Pratik Gandhi for closing comments.





Pratik Gandhi

Thank you all for joining us for this call and we would like to thank the management of MphasiS for allowing us to host this call. Let me hand it over to the management for the closing remarks. Thanks.

Ganesh Ayyar

Thank you very much. This is Ganesh Ayyar. I appreciate all of you participating in this call. This is a process which is something which we have continued. As I mentioned transformation is an aspect which we are working on and we are on track as far as transformation is concerned. We have a lot of work to do in MphasiS to ensure that we do have satisfying results by May but we will look forward to having all of you participate with us in our next Quarter call and look forward to any feedback, there are a couple of actions items where we have agreed that we will revert to you. We will do that and I do want to assure all of you the suggestions which I have agreed that I will take it back to the governance board, indeed I will and at the end of Q2 when we have this call share with you what was the outcome of those suggestions that I have decided to take on board. Thank you very much for your participation and look forward to working with you again and look forward to talking to you again at the end of 2^{nd} Quarter.

Moderator

Thank you. On behalf of IDBI Capital Market Services Ltd that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.