"Mphasis Limited Q2 FY15 Earnings Conference Call"

October 30, 2014

MANAGEMENT: **MR. GANESH AYYAR – CHIEF EXECUTIVE OFFICER, MPHASIS**
MR. V. SURYANARAYANAN – CHIEF FINANCIAL OFFICER, MPHASIS

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Mphasis Limited Q2 FY15 Earnings Conference Call. As a reminder, all participant lines will be in a listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varun Divadkar of CDR India. Thank you. And over to you, sir.

Varun Divadkar: Good Evening, everyone and thank you for joining us on Mphasis' Q2 FY15 Results Conference Call. We have with us today, Mr. Ganesh Ayyar – the CEO and Mr. Suryanarayanan -- the CFO.

Before we begin, I would like to state that some of the statements in today's discussion maybe forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available on the Q2 FY15 results announcement release that has been sent to you earlier. This conference call will be archived and the transcript would be made available on Mphasis' Corporate website, www.mphasis.com.

I now invite Mr. Ganesh Ayyar to begin the proceedings of the call.

Ganesh Ayyar: Thank you Varun. Good Afternoon everyone. Let me begin by wishing you and your family a very Happy Diwali.

Let me take you through some of the highlights of our performance for second quarter ended 30th September 2014. I hope you had the opportunity to read our MD&A which provides details of our performance.

Let me begin by discussing the progress that we are making on the Direct business. We continue to witness momentum in the organic side of our business where the deal wins and pipeline continues to be strong. We won a further $65 million worth of deals during the quarter taking the total deal wins in the first half of this fiscal year to $110 million. This provides good revenue visibility for the coming quarters in Direct organic side of the business.

What is further encouraging to note is that a significant percentage of these wins are in our focus areas. We had mentioned to you that we are focused on regulatory compliance, digital and AMS and in the focus verticals. Combination of that has been a significant part of $65 million worth of TCV that we have added. We continue to see a robust pipeline and we see that the customers are making bold choices based on the concept of 'Fluid IT'. They are investing in new areas such as Digital, and Compliance is a big part of the whole BFSI industry. These are the two areas where we see significant investments. They are looking at cost optimization in the existing areas and our focus on AMS, Infrastructure, Digital, GRC and traditional areas is paying dividend.

If you look at our performance in the organic business in the mature market, we recorded a sequential growth of 2.5% in Q2 and 1.3% adjusted for rupee depreciation. Digital Risk which is the other significant part of our Direct business continues to be impacted by the slump in the US mortgage industry. As mentioned in our previous earnings call, we continue to expand our service portfolio to increase the services that wrap around per transaction and increase our market penetration. During the quarter we have focused on reigniting growth through a series of specific actions. In other words, the plan that we had for Digital Risk is tracking and as mentioned earlier it is a three-quarter view. While the challenge is big we are focused on executing our plan.

Digital Risk performance coupled with certain reversals pertaining to India Government business impacted the performance of our Direct Channel business. To give you a bit more color about the India Government business, we had entered into a business transfer agreement and the execution of that agreement was delayed. Due to the delay, we had to apply our accounting policy and as a result we had to make a provision. We are not entering into new business and there is nothing in India Government business beyond this. We have exited that business.

Now, let me move on to HP channel. HP channel continues to decline. HP channel revenue declined by 3.4%, adjusted for rupee depreciation.

On the margins, EBIT margin for Q2 stood at 13% as against 14.8% in the preceding quarter. The drop in margin is on account of decline in Digital Risk revenue, revenue reversal of India Government business and higher sales expenses during the quarter. We expect the pressure on margins to persist over the short-term. As mentioned in the previous call we are seeing a three-quarter pressure on the margins due to volatility in Digital Risk performance and seasonality of our business.

The receivable position reflected by the DSO improved by 2 days to 72 days at the end of Q2 2015. We continue to demonstrate strong cash generation with $32 million generated through operations during the quarter. The cash position gives us opportunity to pursue inorganic growth. The concept of inorganic is a very robust concept within Mphasis. So as and when it gets closer we will be sharing any specifics that may take place.

To conclude, our focus on driving specialization and selecting areas such as GRC and Digital and AMS and Infrastructure is helping us with strong deal wins. We are winning these deals against the strongest of competition and with customers that we are focused on. This is going to generate high quality revenue in coming quarters. We are optimistic of seeing the translation of our pipeline to our TCV wins in coming quarters. In the changing phase of the IT landscape, we are committed towards continuously reinventing ourselves. A lot of work has been done to develop specialization in these areas and that is going to create sustainable business value for our customers.

On that note, I thank you for your continued interest and let me ask the moderator to open the line for questions.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from Pinku Pappan of Nomura. Please go ahead.

Pinku Pappan: Just want to understand the outlook in Digital Risk a bit better. Beyond the three-quarter period that you mentioned, how soon do you expect or what would be the trajectory after that – do you think you can achieve the kind of revenue run rate you had initially when you acquired the business or how many quarters is it going to take to reach that initial level?

Ganesh Ayyar: Last quarter I mentioned that it is a three-quarter recovery period to get back into growth mode. We have a series of actions which requires us to work with our new customers and existing customers, which is on track. We are investing in go-to-market and in Digital Risk, and our view still stands that it will take three-quarters for us to get back to growth mode in Digital Risk. I had mentioned that we will see a 15% downside. In the current quarter we have seen roughly about 9% downside. So there is a bit more of downside left. We believe that the work we are doing will take us to that position in three quarters which is two quarters from now. The element which is uncertain is what happens to the mortgage industry in US. If it gets worse than what it is, it will impact our business, but at this point of time we do not believe that that is a huge issue.

Pinku Pappan: Just to understand this a bit better, post the next quarter, you will at the worst stabilize at the next quarter level. Assuming that their growth plan does not come or if the mortgage industry kind of goes down more, will you see further downside?

Ganesh Ayyar: Let me begin by saying, "Do we see that mortgage industry will get worse from here?" Now, obviously this is not within our control. At this point of time our view is that it may not worsen further. If we take that as an assumption, we will see some further downside in the coming quarter and then we will reach a stage of stability and then we will start seeing recovery. So, we had mentioned three quarters and we continue to retain that three-quarter view.

Pinku Pappan: Again, moving on to the HP side, would be helpful if you can give us some color on demand and what can we expect in terms of growth in the coming quarters?

Ganesh Ayyar: We have seen quarter-on-quarter decline for the last 14 quarters or so. If I just use that to extrapolate, we will see decline in HP business.

Pinku Pappan: But Ganesh, can you give us an outlook as to when the declines will stop and where do you expect it to stabilize, some idea on that would be helpful?

Ganesh Ayyar: I understand. That is a question for which I do not have an answer at this point of time.

Pinku Pappan: On the SG&A side, this quarter the SG&A as a percentage of revenue spiked up. In the press release you mentioned there were some one-off investments. I want to understand what you think is the kind of normalized run-rate we should kind of model for SG&A?

V Suryanarayanan: As mentioned we had a one-time sales expense in this quarter and on a normalized basis our selling expenses would be back to around 6-6.5% of our revenue.

Pinku Pappan: What is the nature of this one-time investment in this quarter?

V Suryanarayanan: This was related to a customer spend which we had as part of the contract acquisition.

Pinku Pappan: G&A stood at 4.2% of sales in this quarter. What should be the normalized G&A rate?

V Suryanarayanan: Around 4.2-4.5% on a quarter-on-quarter basis.

Pinku Pappan: Can you help me with the OCI number this quarter?

V Suryanarayanan: It was positive at INR 39.9 million at the end of Q2.

Moderator: Thank you. The next question is from the line of Siddharth Vora of Motilal Oswal Securities. Please go ahead.

Siddharth Vora: Can I have the exact number for India Government reversal, the policy provision which we have made?

V Suryanarayanan: The provision for this was INR 209 million.

Siddharth Vora: So there is a possibility of this coming back in the future if the agreement goes through without any issues?

V Suryanarayanan: Yes, you are absolutely right.

Siddharth Vora: Other part, there was a head count reduction in the BPO onsite. I assume there will be a large amount of it from Digital Risk. Can I have the exact head count of Digital Risk as of this quarter?

V Suryanarayanan: The exact head count is around 1,100 now.

Siddharth Vora: There was a huge increase in BPO offshore. Any color on that headcount?

Ganesh Ayyar: In the previous quarter, we had announced wins to the tune of $45 million, especially in the GRC area and it included both the Apps and BPO, but predominantly BPO. So what you are seeing is a ramp up towards those contracts.

Siddharth Vora: Will those be heavily offsite? Is there any onsite portion in that?

Ganesh Ayyar: Some of the contracts, for example, legal remediation have elements where you cannot take the work out of the country because of the nature of regulatory environment. So in this kind of

GRC environment, you will see a slightly higher content of onsite compared to traditional BPO services.

Siddharth Vora: Ramp up on offshore is really healthy. So will it be similar in onsite as well going forward**?**

Ganesh Ayyar: Since we go for offering in specialized area and we cannot be specialized in all the areas of regulatory and compliance, we are partnering with firms who are highly specialized in select areas of legal remediation. You may not see the onsite headcount going up. What you would see is the onsite revenue going up without corresponding increase in headcount because we would be partnering, or in other words, sub-contracting some of these services.

Siddharth Vora: In terms of the S&M costs, in the last few quarters we had spoken about changing our deal structure in which we were giving higher commissions to our S&M employees. So, will that be coming in toward cost structure now, or is it already there?

Ganesh Ayyar: That would not significantly move the total cost structure but it would variabilize our cost structure in line with our growth. If you look at our Direct Organic growth in the matured geo, it has been very-very robust and the pipeline is very robust. Coming back to your specific question it may not significantly alter the selling cost. What we are doing is we are hiring highly specialized people. So the basic cost of an individual would be higher than what we have experienced. However we will not see a significant uptick in sales cost as a percentage of revenue.

Siddharth Vora: So the current one-time S&M cost will be of similar nature or that will be different?

Ganesh Ayyar: It is a one-time cost specific to certain contract acquisition. It is not structural in nature.

Moderator: Thank you. The next question is from Sandeep Shah of CIMB. Please go ahead.

Sandeep Shah: Just want to understand this reversal related to the India business sale or transfer. It looks like an entry passed through the revenues, but I am not able to get through, it is a business sale and why there is a reversal to the revenue. Can you exactly give us the detail?

V Suryanarayanan: This is related to a transfer agreement which we had entered with a party and the agreement is expected to get slightly delayed. In line with our policy of reversing revenue wherever the debtors are more than 180 days, we have provided for it. And as mentioned earlier, when the agreement gets executed in a couple of quarters, this will get reversed.

Sandeep Shah: So, what percentage of the value of debtors which was supposed to get transferred?

V Suryanarayanan: The total debtors was around Rs.40 crore. We had provided for Rs.20 crore earlier and the balance Rs.20 crore is the figure which was reversed in this current quarter.

Sandeep Shah: So there is nothing outstanding, which is still pending to be reversed if the agreement does not go through?

V Suryanarayanan: No.

Sandeep Shah: Ganesh, you were saying that the margins would remain under pressure. Our earlier range was 15% to 17% then we brought it down to 13% to 15% and now we are almost at the lower end of the band. So what could be the range going forward on the margins, because the wage inflation may start kicking in from the coming quarters?

Ganesh Ayyar: The wage increase that we will administer this quarter would have an impact about 170 basis points on our margins but we are not changing our view on the band, we continue to retain our band of 13-15% which I had mentioned earlier. The good news is that since it is part of our normal rhythm, we have started on actions long time ago and we have other items to offset this. Of course, there are puts and takes quarter-by-quarter but our view on the band does not change as a result of wage increase.

Sandeep Shah: So this 170 bps would come in 3Q itself or there would be spread out between 3Q and 4Q?

Ganesh Ayyar: Wage hikes will be implemented immediately at beginning of the quarter, so the 170 bps impact will hit the quarter.

Sandeep Shah: This would be both for the offshore and onsite?

Ganesh Ayyar: That is correct, across the company.

Sandeep Shah: So is it the larger delta would be the forex gain or the hedging gains, which will help in terms of maintaining the band at 13-15%?

Ganesh Ayyar: It is a combination of various factors. Firstly, there are some productivity related improvements that we are doing. Secondly, we are working on higher margin deals. And if you look at puts and takes, we had two negatives in the last quarter – one was the reversal in India Government and the other one was related to sales costs, both of which would not hit us in the next quarter. If you sum it up altogether, we remain committed to 13-15% band.

Sandeep Shah: I just missed the reply, what was the quantum of the one-time sales cost?

V Suryanarayanan: It was around $5 million.

Sandeep Shah: Just in terms of the deal wins, it is a great quarter in terms of adding $65 million on a base of $45 million. Any color in terms of what could be the new business, what could be the renewal and how the ramp-up schedule will look like, because the next two quarters are generally not seasonally great quarters for the project start?

Ganesh Ayyar: Almost 80% of it is new wins and 20% is relating to existing clients but you cannot classify it as renewal. If you look at $65 million split, what is interesting to note is that roughly 45% is in GRC space and almost $18 million is in the Digital space. So it clearly demonstrates that we are winning in the right areas.

Moderator: Thank you. The next question is from the Srivatsan Ramachandran of Spark Capital. Please go ahead.

Srivatsan Ramachandran: Just wanted to get your comments on the Digital Risk business where we are seeing weakness. Any chances of expanding geographic reach of that business or within the US are we focused on certain geographies. I just wanted to understand if that is something that is workable and what kind of options we have?

Ganesh Ayyar: Great question, Srivatsan. There is a three-pronged strategy that we have to counter the market trend which is the mortgage industry. First element of our recovery strategy is "Can we increase our services content per transaction of mortgage?" Second part of our strategy is "Can we go after those customers who are not our existing customers?" And third part of the strategy is leveraging our IP and our services that we have in Digital Risk, "Can we go on to adjacency?" If you listen to all the three points I have made, looking at geographic expansion of Digital Risk is not one of those three plans. The reason is that once you go to a different geography, the regulatory framework is so different that you have to literally start from scratch and you do not have client relationships in those areas. You have to rebuild and that is a very long road to recovery. We are not excluding that from our plan, but that is not currently in our horizon. We are focused on the three actions that I just articulated. We are on track to execute on those three actions and we believe that the 9-month period that I mentioned is a period that we need to start into the recovery phase.

Srivatsan Ramachandran: My next question is with the HP announcing de-merger. Just wanted to understand would there be any material impact on the way we work or from a client point of view, would a large portion of revenues that is going to become non-HP revenues, if I may classify it because of a de-merger, so, any broad indications how our revenue from HP will split between the two entities?

Ganesh Ayyar: We do not have complete specific data. Almost our entire business comes from one side of the house.

Moderator: Thank you. The next question is from the Dipen Shah of Kotak Securities. Please go ahead.

Dipen Shah: Just had a couple of questions; I was just looking at the results, which you have given on the stock exchange. It says that in 'other expenses' there is a net reversal of Rs.15 crore during the quarter. Could you just get some idea of what is it and in the last quarter also there was some reversal, but this time it is higher, and any probability of these even recurring in the future?

V Suryanarayanan: In compliance to conservative accounting policies, based on certain expense trends we do the accruals and once the quarter is over, based on actual bills and invoices received, we do the reversals. This is the normal accounting process and there is nothing abnormal in these reversals.

Dipen Shah: Any reason on the change in the accounting policy for a few projects where revenues have increased by Rs.16 crore during the quarter?

V Suryanarayanan: This is relating to some of the contracts which we had. We wanted to ensure that we match the revenue and cost on a consistent basis and accrue for the revenue. In line with this we have changed the revenue recognition policy and method for couple of contracts. This is to ensure that we are in line with the accounting standards.

Dipen Shah: But these are only for some specific contracts, it is not for all the contracts across the company?

V Suryanarayanan: No, it is not.

Dipen Shah: Can I have some breakup between the HP-ES and the HP non-ES revenues this quarter?

V Suryanarayanan: HP non-ES is around 14% of the total HP.

Moderator: Thank you. The next question is from Dipesh Mehta of SBI CAP Securities. Please go ahead.

Dipesh Mehta: I have a couple of questions just to understand this India business revenue reversal. I think in Q1 of last year, we made some exceptional losses on account of the transaction. So we booked some losses during that period and now we are suggesting because the transaction is getting delayed and because of the policy, we are making some revenue reversal. Can you help us understand the transaction, which would be the effective date when the transaction would be completed and then whether this provision what we made would it be reversed, because the effective date is different, your account would not change to that effect, if you can provide some clarity about full transaction that would be helpful?

V Suryanarayanan: We had entered into this agreement in the first quarter and accordingly made provisions at that point of time. And since the agreement did not get executed in Q2'15, we have made this provision in line with our policy. Whenever this agreement gets executed, this amount will be reversed and the date of execution would be the date when the transaction would be effected in the books.

Dipesh Mehta: Because if I refer your notes to it, the total amount is INR 379 million, out of which you provided this quarter INR 209 million. So, when the transaction would be completed, would the reversal be around INR 379 million or how should one read it?

V Suryanarayanan: It would only be INR 20 crore.

Dipesh Mehta: Second question I have is about the one-time expense, which we incurred for sales and marketing. You provided some color on it, but I am not very clear about the nature of that specific expenditure happened for some specific contracts. What was the nature and why any specific kind of payment happening on those kind of contracts, if you can provide any color that would be helpful?

Ganesh Ayyar: It had to do with specific long-term arrangement which we had with a customer. Obviously, I cannot reveal specifics about the customer due to confidentiality reason. What is important is that it is definitely one-time and you would not see that in coming quarters.

Dipesh Mehta: Did we provide some incentive to get the deal? Because it is reported in sales side I am a bit confused about it?

Ganesh Ayyar: It is a form of incentive that was provided and it is legal, it is documented and it is with a specific customer.

Dipesh Mehta: What would be the capex and expected tax rate for the year?

V Suryanarayanan: The capital expenditure would be nothing substantial and is in line with our normal spends. The tax rate would be around 28%.

Dipesh Mehta: Is it possible for you to indicate going forward what would be the expected tax rate for next year kind of?

V Suryanarayanan: Similar.

Moderator: Thank you. The next question is from Hardik Shah of KR Choksey. Please go ahead.

Hardik Shah: Sir, HP non-ES is basically coming from the Hardware division. So in case of the split, in the HP non-ES business, do you expect any sort of dip in that business?

Ganesh Ayyar: I think your question has two elements – one is because of HP split, are we going to get impacted; and second part of the question is dip in business. Non-HP business consists of two areas – one is the R&D business which is provided to the Hardware side where we do provide some testing services, and the other element of non-ES is with Services division, but not the Enterprise Services division of HP. If you look at all these areas, based on what we know and what we have read, all these three areas are going to the same side of the house. So we do not see any direct impact as a result of the change in HP split. However, when it comes to decline not relating to the split of HP, as I mentioned, for last 13 quarters we have been seeing a decline and for us to link it to HP split may not be appropriate. Decline has been the experience over the last 13-14 quarters and if you extrapolate it on an overall basis, you can say that there would be a further declining trend.

Hardik Shah: Secondly, a book-keeping question. In the notes you have mentioned like Rs.15 crore to a change in accounting policy for revenue, is it one-time kind of nature or that Rs.15 crore is a recurring kind of nature revenue?

Ganesh Ayyar: The best way to read it is that it is not a change in policy. It is how the policy was applied to a specific contract to ensure that the cost and revenue matching happens together. It is a basic accounting principle that the costs must be matched with the revenue. What you have seen is obviously relating to a single contract and rightfully so. We have not changed our accounting policy per se. Second point which I wanted to make is since it was specific to a contract, it is definitely a one-time occurrence and you would not see a repeat.

Hardik Shah: So Rs.15 crore impact will be there in the next quarter in the both top line and the bottom line, is it right, sir?

Ganesh Ayyar: If you analyze it that way, there are puts and takes every quarter. However, we remain committed to the band which I have articulated despite the wage increase which is going to take place.

Moderator: Thank you. The next question is a follow up from Sandeep Shah of CIMB. Please go ahead.

Sandeep Shah: A follow-up on HP side. Earlier, you used to mention that there were two counts on which the revenue decline was happening – one is HP losing on the renewal side of the contracts, and second is the business being taken from Mphasis to HP India. Is there any kind of a trend where any one of them has a higher weightage in terms of the consistent decline or is it more or less similar? What I am trying to understand is it more to do with the revenues getting transferred from Mphasis to HP India?

Ganesh Ayyar: We do not see any significant variation in what used to happen. To predict whether they will lose or gain is hard. Besides, they would know that better and I cannot comment on that. In general we would not see a significant shift one way or the other.

Moderator: Thank you. The next question is from Dipen Shah of Kotak Securities. Please go ahead.

Dipen Shah: Just one clarification, this HP non-ES business is 14% of the overall HP revenues, am I correct?

V Suryanarayanan: Yes.

Moderator: Thank you. The next question is from Dipesh Mehta of SBICAP Securities. Please go ahead.

Dipesh Mehta: Sir you provided this breakup but I missed it. About $65 million that you suggested, what is the renewal portion and what is the new win?

Ganesh Ayyar: Entirely new area is roughly about 80% and 20% also could be classified as new in a way, because it has a mix of certain part of renewal and certain new but with an existing customer.

Dipesh Mehta: For H1, would the trend be very similar or H1 would be different, $110 million, if I look $45 million of Q1 also?

Ganesh Ayyar: You are asking the split of the entire $110 million. It may be predominantly along the same line.

Moderator: Thank you. The next question is from Madhu Babu of HDFC Securities. Please go ahead.

Madhu Babu: Onsite reduction in BPO headcount looks very significant; 700 employees on a quarter-on-quarter basis. Is there such a steep decline in Digital Risk headcount or have they moved them into contract or subcontracting basis?

Ganesh Ayyar: It is a combination of reduction and shifting them to contracting basis and it is predominantly related to Digital Risk.

Madhu Babu: If they are moved to contracting, they are not reported in our reported headcount?

Ganesh Ayyar: That is right.

Madhu Babu: Can you give the breakup of how much is that, because 700 even on a percentage base, is substantial, from 1,900 we moved to 1,200 in onsite headcount.

Ganesh Ayyar: Let me give you an approximate number, I think it is roughly about 50:50 or 60:40, where 50 is related to reduction and 50 is reclass.

Madhu Babu: What is the quantum of wage hikes we are likely to give for this quarter and how you see the attrition for the company level as a whole?

Ganesh Ayyar: Wage hikes shall be 170 basis points of the revenue or 1.7% of revenue. Coming to attrition, predicting attrition is not easy. Currently we are operating at an attrition which is higher than the industry average. We are taking some measures to see how we can bring it down and we are focused on that. I would not rush to conclude that they will all succeed but I do not see a significant uptick in attrition that we have experienced in the past.

Madhu Babu: In Direct channel, organic business in developed markets is the only growth driver in the next two quarters, right? Because Digital Risk and HP will continue to be weak. How would be the emerging markets for Direct channel? That is around 6%.

Ganesh Ayyar: The actions that we undertook for the last 15 months or so has been to focus on a profitable growth in emerging channel and the team has done a fantastic job of identifying specialized area and growing. It would continue to be our focus to grow profitably in emerging markets, because to be honest, growing in emerging market is not that big a challenge, the challenge is growing profitably. That would continue to be our driver.

Moderator: Thank you. The next question is from Dipesh Mehta of SBI CAP Securities. Please go ahead.

Dipesh Mehta: Just to get some update on India ATM business what we have. What will be the run rate now and whether it is still growing or now it reached to a steady state?

Ganesh Ayyar: At this stage from a revenue perspective it is reaching a steady state. Once again the driver is to ensure that it is adding value to our shareholders in profit terms. So our focus is not revenue but to make sure that the number of transactions pick up and we improve the profitability.

Dipesh Mehta: Is it possible to share absolute number of revenue coming from ATM business?

Ganesh Ayyar: It is close to $7 million.

Moderator: Ladies and Gentlemen, that was the last question. I now hand the floor back to Mr. Ganesh Ayyar for closing comments.

Ganesh Ayyar: Once again, thank you for your continued interest. Our journey of growing Direct business in the mature market with specific focus in areas such as governance risk and compliance, Digital, AMS and Infrastructure is clearly gaining traction in the marketplace and we see a robust pipeline. Converting this pipeline to TCV, with a good track record over the last two quarters, gives us confidence that we will continue to generate more TCV. The challenge ahead is the turnaround of Digital Risk and we are focused on it. It is not an easy challenge to undertake, because it is environment related rather than our own business. It is not internal to the company, it is an external factor. As I had articulated, there is a three-pronged approach that we have adopted. In addition, any positive market momentum towards mortgage industry would obviously help as well. Operational excellence has been the foundation of our company for many years. We are not going to take our eyes off that. What you can expect from us is collaboration, transparency, and sharing with you where we are heading. We are very bullish about our Direct organic business and we have our job cut out around Digital Risk. Last but not the least, from our perspective we have our job cut out to see how we can arrest the decline around HP business. That has been a challenge which we have not managed to overcome for the last four years and it has been elusive. We will see what we can do but I would not rush to a conclusion that there is a specific solution right ahead of us which can solve this issue. Thank you for your support. We will stay connected.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Mphasis Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.