MphasiS Limited
Quarter Four and Year-Ended 31st October 2009 Results
Conference Call November 25, 2009

Moderator: Good morning ladies and gentlemen. I am Manjula, the moderator for this conference. Welcome to the MphasiS conference call hosted by IDFC-SSKI Securities. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to WebEx International. After that, the question and answer session will be conducted for participants in India. Now, I would like to hand over to Mr. Hitesh Shah from IDFC-SSKI. Thank you and over to you sir.

Mr. Hitesh Shah: Good morning everybody. We have with us Mr. Ganesh Ayyar, CEO, MphasiS, and Mr. Ganesh Murthy, Chief Financial Officer. This is a call to mark the closure of Financial Year 2009. For most of the Indian IT services companies, the year 2009 was one of uncertainty and challenges. In these challenging times, MphasiS clearly has surpassed many of its peers. I now invite Mr. Ganesh Ayyar to share the lessons from this journey with us and also discuss the recent quarter. Over to you Mr. Ayyar.

Mr. Ganesh Ayyar: Thank you very much for the introduction Mr. Shah. Good morning everybody. Welcome to the earning call and certainly delighted to be on this call. We just announced our full year results, and if you look at the year, our focus has been to deliver sustained performance. In our quest to deliver sustained performance, the model that we have of partnership with HP combined with the Indian pure play played a crucial role in our success. We have focused on delivering results for all key stakeholders, the customers, shareholders, employees, so it has been kind of a holistic focus that we had in this year, and our results basically reflect that. If you look at our customer profile, it shows that they are confident in our Group and our client base continues to grow. We have had some good significant wins in 2009 by adding 46 clients. Now, we have 106 clients who give more than million dollar business to us. Out of that, eleven of them are giving us 20 million dollars and above. We won new customers from different verticals, different geographies, clearly endorsing our capability and partnership and value proposition to the market place. Our teams worked hard to ensure consistent good performance. Our shareholders have stayed invested with us and in this case your support has played an immense role in ensuring the connection between us and the shareholders and the investment community. Our employees have been most instrumental to ensure our performance is consistent the driving force behind many of our initiatives had enabled us to achieve operational excellence. Some of the best management decisions were actually based on the suggestions that we received from our employees. Our focus is to continue to work in this quadrant to ensure that we continue to win the loyalty and focus from our employees, so we will stay focused in attracting, retaining, and most importantly developing talent.

Now, let me get you through some key highlights of our financials, and let me start by taking the full year view. Revenue for the full year was at 4,264 crores up by 43.2% over the previous financial year. Gross profit increased by 96.6% for the same period to 1,385 crores. Gross margins profitability was at 8.9% over the previous year. Operating profit was 925 crores. Operating margin increased to 21.7%, an improvement of 8.3% over previous financial year. Net profits increased by 121.2% to 909 crores. Earnings per share increased to Rs. 43. 45 from 19.69 last year, an increase of 120.7%. Our directors have recommended a dividend of 35% for the year. The year also saw other operating metrics improve significantly. Manpower utilization across business improved, application business utilization growing from 75% last year to 82%. ITO business at 5% growth to 80%. BPO utilization remained steady. A notable feature was the significant increase in our surplus cash position. At the end of the year, our cash balance increased to USD 200 million, and in terms of days of sales outstanding, that declined from 83 days last year to 72 days now.

Now, if you take the quarterly performance and do an year-on-year comparison, the fourth quarter revenue were up 26.5% compared to the same quarter last year. Operating margins increased to 21.9% this quarter from 18.9% for the same quarter last year. Now, in terms of quarter to quarter sequential comparison,in terms of net profit, the group recorded a consolidated net profit growth of 6.9% compared to the quarter ending 31st July,2009. . Revenue for the same period grew by 2.4%.

Now, we will move on to the lines of business. Let me start off with application services. The applications services business was steady with a revenue growth of 2.8% quarter on quarter. We completed our acquisition of AIGSS as of 30th September and integrated it seamlessly into application services business unit. We have since renamed it as MphasiS Fin Solutions. Application revenue grew by 43.3% in line with the company growth during the financial year. The application constituted 64% of our revenue. Let me move on to now ITO business. Our infrastructure or ITO business has been the fastest growing business for us for the last few quarters and in Q4 contributed 19% of our business. During the financial year, the business grew by 84.6%.

Let me move on to our third line of business, BPO. BPO registered a 15.4% growth compared to last financial year. It will of interest to know that we recorded a first license sale in the health care space of our new product Javelina developed by the foreign subsidiary that we acquired in 2005.

Let me give you a perspective of our geographies now. Revenues from USA grew 39% during the financial year, while Europe recorded a 55% increase over last year. Asia-Pacific grew 98% this year due to some good wins that we had in Australia. Share of revenue from the USA was at 64% while Europe contributed 20% of the financial year. APAC, India, and Middle East accounted for 16% of the year's revenue.

Let me move on to give you a client update. As of Q4, 11 clients now account for an annualized run-rate of USD 20 million revenue and 106 clients with an annualized run-rate of USD 1 million and above revenue in total. During the quarter ended 31st October 2009, the group added 16 new clients, 13 being from HP and 3 through direct channel. The clients include a North American global food processing company, a European healthcare service provider, and a large insurance group in the UK.

Let me move on to human resources. This quarter, the group recorded a net headcount increase of 771 to take the total manpower number to 33,524, an increase of 4,729 over the last year. Our hiring has been need based and concentrated on the right talent for specific requirement. We augmented our work force with resources with domain based knowledge and specific skills.

Now, let me conclude by saying that now our focus has turned on to FY'10. It has been a stellar year and we are happy with the results of 2009. The celebration time is over and the focus is on 2010. Execution excellence has been the key cornerstone of everything that we do, we did, and will be the cornerstone for what we will continue to do. In 2009, Data Quest rated us as one of the top 20 IT companies, and if you look at the data, in those top 20 IT companies, we have the highest percentage of growth. Our target is to get ahead and stay ahead of the pack. Some of the building blocks for our success in times to come will be to grow our footprint within HP and with HP. Today, predominantly, our business comes from the enterprise services side of HP (erstwhile EDS) . We see significant opportunity to grow beyond this. We will want to expand our global delivery footprint beyond India. In other words, we are looking at offshore centers in emerging countries, and we hope to make an announcement in 4 weeks' time about another country where we are going to make investments to start a delivery center. We will continue to fill the opportunities through our direct business and grow share of customers through cross-sell and up-sell. Of course, the M&A activity will play a key role in growing our direct business. The journey ahead will be tough but thrilling one, full of exciting challenges. We believe that speed, agility, and most importantly sustainability will be the rallying theme for us to 2010 and beyond. With that, I would like to open the floor for questions. Over to you Manjula.

Moderator: Thank you very much. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first in line basis. Participants are requested to use only handsets while asking a question. To ask a question, kindly press *1 now. First in line, we have Mr. Tarun from Anand Rathi Financial Service. Please go ahead.

Mr. Tarun: Hi, congratulations on good set of numbers. I would just like to get two main clarifications. One is, on revenue which you are getting through HP either as a direct client or indirect client relationship that exists. If I look at HP's results, their service revenue by segment has grown quite significantly, whereas your ITO related business is not seemingly shown any kind of a sequential growth. I am referring only to the quarterly revenue, so is there any kind of reading that one should take from this, and also the margins in the ITO has fallen quite significantly again on sequential basis.

Mr. Ganesh Ayyar: Hi Tarun, this is Ganesh Ayyar. Thanks for the question. I will answer part of the question, then I will ask Ganesh Murthy to answer the other part. Let me begin by talking a little bit about ITO, and then I will relate it to HP and specifics I will ask Ganesh Murthy to comment. Our focus is on delivering sustained results. Now, when you take a quarter by quarter view, sometimes you have aberrations because you have certain billings which belong to the previous quarter and as a result you see significantly improved margins in one quarter. Now, if you look at ITO profitability, despite a drop in percentage terms, compared to the market it is still a very healthy profit that we are delivering in Q4. So comparison on Q3 gets skewed because we had certain revenues in Q3 which were one-off revenues with much higher profitability. So, our focus is on delivering sustained profits and be ahead of the market and that is what ITO is doing as of now. Coming to your view about HP's growth and whether we should read something in it, I will leave it to you for you to read it. Am I really worried about something has gone wrong with HP, absolutely not. Do I see vibrant potential in the market place, the answer is yes. On specific numbers, let me hand it over to Ganesh to comment a little bit quickly on quarter on quarter.

Mr. Ganesh Murthy: So, Tarun, we also had our large volume of our business with HP in the Apps vertical. If you look at our Apps vertical, we have grown revenues in this quarter over the previous quarter by 2.8% which is pretty significant on an overall basis. We need to bear in mind that the full impact of the AIGSS acquisition was not seen in Q4 because it was integrated into MphasiS only from 1st October, so we had the incremental revenue of only 1 month. In spite of that the Apps vertical has grown by 2.8%. Talking about the ITO revenue growth, it has been pretty stable there.. We have not seen significant growth there. It has been flat quarter on quarter. The main reason for that is we had some sort of one-time revenues kicking in, in Q3, and that is the reason why we have sort of a flat revenue in Q4.

Mr. Tarun: The other is related to a more bookkeeping question. I was somehow under the impression that you have taken a salary hike, so is that getting reflected in the current quarter, or will it get reflected from next quarter?

Mr. Ganesh Ayyar: I don't know where you got the impression that we have taken a salary hike. We have not taken a salary hike. What we did instead is we actually indirectly converted from a fixed salary to a variable salary. So in April this year, when our normal salary hikes kick in, MphasiS made an announcement that there will be no salary hike across the company that is except for promotions which keep on happening in the normal course of events,.What we did announce a couple of months ago was that if the company does well, we will provide a variable pay, to compensate for not giving anyone a salary hike, so that has already been accrued month on month based upon our profitability. It does not increase our fixed salary base, it is only a one-time bonus that will be paid in a month or so.

Mr. Tarun: Right, and your depreciation has been decreasing over the last couple of quarters. Any particular reason on that?

Mr. Ganesh Murthy: There is no specific reason on the depreciation decreasing.

Mr. Tarun: No asset sale or anything like that?

Mr. Ganesh Murthy: In the normal course of events, we have disposed off obsolete assets, but those are all fully depreciated.

Mr. Tarun: Okay, right, may be we can take it offline at some other time on this. If you come across anything, do let me know during the course of this call.

Mr. Ganesh Murthy: Sure.

Mr. Tarun: Thanks a lot. That is it from my side.

Moderator: Thank you very much sir. Next in line, we have Mr. Vihang Naik from Motilal Oswal. Please go ahead.

Mr. Vihang Naik: Hi. I had a few questions. Just wanted to get some comfort on the utilizations front. We have seen decent utilization improvement across the board despite, you know, headcount addition in application services. However, we have not seen revenue growth in application services this quarter. It is just around 2% odd. So, what is the reason for this? I mean, have we taken a pricing cut or something?

Mr. Ganesh Ayyar: We have not taken any pricing cut. We actual;ly clamped down on our headcount growth consciously in Q4 and that is because we had made this acquisition of AIGSS. So we had about 700 odd people, and in order to ensure that these people are fully integrated into MphasiS and to avoid large bench, we ensured that we put a clamp down. Now, that AIGSS has been successfully integrated, the headcount clamp down is lifted and you will be seeing headcount growth in line with our revenue in the following months.

Mr. Vihang Naik: Right, but we were talking about some pricing pressure last quarter. You were saying that none of it had flowed in this quarter as such?

Mr. Ganesh Ayyar: The pricing pressure and the changing rates due to negotiations with the customer is not unique to a single quarter. Yes, we had some renegotiation and not specific to a customer, and I am talking about multiple customers and all of them have been reflected in Q4.. Moving forward, the pricing pressure and negotiation, renegotiation is the order of the day.

Mr. Vihang Naik: Okay.

Mr. Ganesh Murthy: Also, I just wanted to add one more point. If you really look at the quarter, most of our businesses are on time and material, especially the Apps and the ITO business, and we have had actually 4 days of holidays as compared to the previous quarter, and naturally, you will see an impact especially when we are significantly on a time and material mode.

Mr. Vihang Naik: Right. Just some details in applications. Could you give me the breakup in terms of volume growth and pricing growth and currency benefit?

Mr. Ganesh Murthy: We don’t calculate specifically on the pricing as well as the volume growth, but overall basis if you look at it in the Apps business, we have grown around 2% in volume terms, quarter on quarter.

Mr. Vihang Naik: Okay, 2% in volume terms?

Mr. Ganesh Murthy: Yes and overall it is about 2.8%, so the balance is due to forex hedging.

Mr. Vihang Naik: Right, another thing, you have given variable bonus this quarter, I mean, you would be giving it in a month's time, are you like looking at, increasing the base as in giving a hike on the fixed base also some time next year, given that most of the industry players are talking about it.

Mr. Ganesh Murthy: Our current thinking is we have given a variable pay, a bonus to compensate for the no-salary hike in 2009. In 2010, our current position is to continue in the same manner and continue to shift a portion of the pay from a fixed component into a variable component in line with the industry and that is our thinking at this point of time.

Mr. Vihang Naik: Okay, and lastly, back to utilizations . Do you feel, Apps utilization and BPO utilizations can be maintained at such high levels in the near term?

Mr. Ganesh Ayyar: As far as Apps utilization is concerned, I think we will start easing off throttle a little bit in the coming quarter because this was a deliberate choice which we made in Q4 with the impending integration of AIGSS. We did not want to increase the headcount, and so that was a deliberate choice which we made, and moving forward I personally see easing off the utilization in Apps business a little bit. In terms of BPO, the way we look at utilization, it is slightly different. We will continue to stay focused on BPO, and the focus would be both revenue growth compared to what we have been doing, and that is why we had a leadership change. If you recall in the previous call I mentioned that we made a change in our leadership, and our focus is going to be growth in BPO.

Mr. Vihang Naik: Right, so given that the utilizations could push down a little bit and you have already cut your S&M spends by around 50 basis points, what margin levers do you see at this point, and you feel that the margins could inch down a little bit from here?

Mr. Ganesh Ayyar: One dimension of margin levers is utilization and manpower cost. There are other multiple levers that we are working on which is our strategy around IP, and leverage on IP from HP to build services around IP . That I believe is going to be something which we will have as a strategy. Secondly, looking at setting up a global delivery footprint beyond India, so not just be a delivery center out of India. Of course, none of these will immediately give you results. They are a bit more mid-term based strategies rather than short-term based strategies. So, those are some of the levers, and last but not the least, moving up the value chain in terms of delivery. And if you look at the pattern of fixed price contracts that we have, we are having increasing percentage of fixed price contracts. Our execution ability around fixed price contracts will also define our profitability. Let me get Ganesh Murthy to comment as well.

Mr. Ganesh Murthy: So, Ganesh Ayyar spoke about certain medium term solutions to maintain the margins. We have also some short-term solutions that are already in place. One important measure that we are taking is driving the seat utilization, so for instance over the last few months, the Apps seat utilization has increased from 0.9 to 1.1 and ITO seat utilization has increased from 1.27 to 1.31, and this has happened just over 1 quarter, and we have set targets for higher seat utilization in the coming months, and as a result of this higher seat utilization, we are looking at retaining and in fact increasing the number of seats but at the same time consolidating the facility use. So in Q3 we actually gave up one of our oldest facilities, and in Q4, we are continuing with that strategy of consolidating our facilities and giving up one more facility in Q4. That is one measure that we have actively embarked on. The other measure as I mentioned earlier is conversion of the fixed pay into a variable pay based upon company performance as well as individual performance and that is one of the key measures that we have undertaken to keep control on manpower cost, and drive up company profitability.

Mr. Vihang Naik: Alright, great, that is it from my side. Thanks.

Moderator: Thank you very much sir. I request the participants to ask two questions at the initial round, and then come back for the followup question. Next in line, we have Mr. Srivatsan from Spark Capital. Please go ahead.

Mr. Srivatsan: Hi. Just wanted to get your thoughts on BPO. Reported billing rates have gone down from 10 to 8 in the span of two quarters, what is driving this kind of decline, is it more mixed change or just a pricing cut that is getting reflected this quarter?

Mr. Ganesh Ayyar: Yes it is a combination of factors, also the mix of type of services that we provide, but you know, one interesting factor which I want to highlight, for the first time you will see that in our financials we have reflected the- license sale, This is in the BPO space, it is a BPO platform we are talking about. We made significant investment in building this product called Javelina, in the healthcare segment. We had a successful completion on a license sale. So, it was not just a pure license sale. The deal actually happened some time in the early third quarter, but in fourth quarter as well we have actually recognized the revenue, so this was the first revenue recognized on a license sale. We have had some success in that space, so in BPO space the growth is going to be in terms of moving up the value chain, playing an integrated play, and last but not the least also increasing the platform play that we have.

Mr. Srivatsan: More a mix driven or not for the pricing cuts or anything with some of the clients?

Mr. Ganesh Ayyar: They also experience pricing pressure, but it is not something which is, systemic that we are seeing. It is business as usual type of reductions that we see, but we have strategy to combat that, and the focus will be on profitable growth in BPO. That is an area where we need to do a much better job than what we have done.

Mr. Ganesh Murthy: Just to add on to that. You have noticed that the gross margin of the BPO business has grown in the last quarter from 21.1% to 23.9%, so, we are taking steps to improve the overall margins.

Mr. Srivatsan: The other question is on the utilization, we have seen across the board higher utilization. You have already commented that it would ease off a bit, but in terms of reality to take an entire year or quarter approach to it, what kind of utilizations you think you would operate especially in an environment of good growth of say 4% to 5% volume growth. We would think the late 70s utilizations is what you will see it would be?

Mr. Ganesh Ayyar: So, I will put it more in the region of towards high 70s, mid to high 70s, is what we will focus on, 80 is absolutely fantastic, but the moment, you start cross beyond 80 and touching 85, which is where we are, I mean, that zone, your ability to quickly react to the customer needs becomes questionable So we will be in that zone towards mid 70s, high 70s to lower 80s. Does this answer your question?

Mr. Srivatsan: Yes, that is fine. In terms of the overall demand scenario that you are seeing, how it has changed over the last quarter, and is there any specific verticals that you think are still skeptical in terms of revenue outlook, any red flags do you still see out there in the market.

Mr. Ganesh Ayyar: I will divide my answer into two parts. One part is despite tough economic climate in which the worst-hit industry vertical was BFSI, we have retained that as in terms of the share of the pie, so it has kind of grown in line with our overall growth as we have delivered in the year. So, which is to me clearly underscores our focus on retaining the customer. I clearly believe that even though BFSI is a large part of our business, we still have significant headroom to grow in that vertical. Secondly, I see tremendous potential in the healthcare vertical. We have had some great wins in the telcom segment, and I clearly see that is holding some good potential. So, there are certain horizontal practices that we have like portals and in those areas I see continued interest, so you know it is like three verticals which excite me most. I believe that there is still significant potential from MphasiS standpoint regardless of whether industry sees a growth or not because our share of the pie of that industry is still very small.

Mr. Srivatsan: Okay, sir, I will come back later for other questions. Thank you.

Mr. Ganesh Ayyar: Thank you.

Moderator: Thank you very much sir. Next in line, we have Grishma from Envision. Please go ahead with the questions.

Mr. Nikunj Doshi: This is Nikunj Doshi here. Just wanted clarity on hedging. Right now, what kind of hedging we have done and second question is regarding the tax rate, if you can clarify on these two?

Mr. Ganesh Murthy: First of all, we don't go for options. We just go for plain vanilla hedges, but we have both revenue hedge as well as balance sheet hedge.

Mr. Nikunj Doshi: Yes.

Mr. Ganesh Murthy: Our total hedge position is given in note No.24 to our accounts, but let me just summarize it. Our revenue hedge is around 500 million dollars and average hedge rate is around 49 Rupees to a Dollar. We have also started over the last two months Pound-Sterling hedging, because of some major contracts that we won in the UK, so we have about 50 million Pound-Sterling hedged at around Rs. 80.50

Mr. Nikunj Doshi: Okay.

Mr. Ganesh Murthy: Our hedging policy is pretty consistent. We have been using that over the last 12 months, and recently we have increased the duration of the hedge. So, we have sort of rolling hedge strategy where we hedge up to 24 months but on a layered approach, that is 20% in the future years, then 40% in the middle year, and in the first one year we hedge 70% of our net exposure.

Mr. Nikunj Doshi: Okay, and regarding tax rate, what is the tax rate we are expecting for the next year, next fiscal?

Mr. Ganesh Murthy: Our tax rate would be effectively around 10%.

Mr. Nikunj Doshi: Okay, thanks very much.

Moderator: Thank you very much sir. Next in line, we have Ashwin Mehta from Motilal Oswal.

Mr. Ashwin Mehta: Sir, one bookkeeping question, in terms of realized Dollar rate, what would our realized Dollar rates have been in this particular quarter?

Mr. Ganesh Murthy: Our realized Dollar rate in this particular quarter was around 48.4.

Mr. Ashwin Mehta: Secondly, in terms of what we are saying the difference in terms of our higher utilization and lower revenue growth is almost 4 working days lower in this particular quarter, have I got that right?

Mr. Ganesh Murthy: That is one reason.

Mr. Ashwin Mehta: That is one of the major reason?

Mr. Ganesh Murthy: That is one reason that has contributed to the lower revenue growth.

Mr. Ashwin Mehta: Okay, and from a taxation perspective, how do you see FY'11 looking for us in terms of taxation?

Mr. Ganesh Murthy: If you assume that the tax holiday will go away from April 2011, then we would see an increase in our effective tax rate to something like around 18%.

Mr. Ashwin Mehta: So, 18% would be in the last two quarters of FY'11 effectively for us?

Mr. Ganesh Murthy: I am talking about 2011, our year average would be around 18%.

Mr. Ganesh Ayyar: Your reference is 2011, not 2010. We are entering 2010 at this point of time, because our fiscal year starts in November and ends in October. So, we are in the first month of our fiscal year, 2010, and Ganesh Murthy's answer was relating to 2011.

Mr. Ashwin Mehta: Yes I was asking about 2011 itself.

Mr. Ganesh Murthy: As a strategy, we are driving towards SEZ, and we already have few SEZs in Chennai, Bangalore, and Pune. We are increasing our delivery capacities from these SEZs.

Mr. Ashwin Mehta: Okay, and finally what are we seeing in terms of discretionary demand on the App side, in terms of application development related demand because that segment remains sluggish for ourselves as well as the industry. Are we seeing a pick up there?

Mr. Ganesh Ayyar: I personally believe that there will be some pick up, but I don't think one needs to get euphoric about that pickup because still I believe the IT spend of the customer would be fairly well controlled, and I don't see the budgets lifting up. But what you would see is more certainty around discretionary projects because what we saw during the worst of economic crisis was the deal was in the pipeline, the customer took a long time to decide, and many a times decided to withdraw the projects. Those kind of trends you will see reducing.. You will see more certainty around decision.

Mr. Ashwin Mehta: Okay, thanks a lot and congrats on a good set of numbers.

Moderator: Thank you very much sir. Next in line, we have Mr. Dipen Shah from Kotak Securities. Please go ahead.

Mr. Dipen Shah: Yes, this is Dipen. Congrats on a good set of numbers. A couple of questions. One is on the product strategy which you have. You spoke about the IP related business and the first revenues coming in, could you just share some more light on the strategy going ahead may be on a more higher level and if at all any what kind of growth we can expect in this business over the next say couple of years?

Mr. Ganesh Ayyar: I may not be able to give you precise numbers around that.

Mr. Dipen Shah: Okay.

Mr. Ganesh Ayyar: Let me share with you a broad brushstroke of the strategy. Now, when you talk about IP - .IP is divided into two parts. One is you can think of IP as a core IP where you have some product, and you are building services around that product and going to market, and when you do that, you will have core IP sales and services which go along with it, you know, pull-through business of services, not the other way around, which comes together as a single project. Now, in this case Javelina is a product coming from our Eldorado Computing subsidiary which is in the US and is such a product. Where we have a product platform, which we invested in, and we built it. We are continuing to enhance it, and we are going to go to market. That is one type of IP related business. The other type of IP related business is where you have close collaboration with somebody else who has a core IP in selected areas and you basically build your services supply chain around that and you can literally call it Surround IP concept, and go to market with that. So, what happens is it is a predefined, literally a predefined solution with some type of customization with which you go to the market, so instead of customer telling you what they want, you take your capability and look for customers who wants such capability, and it is a different model of an existing business, but that is not around core IP, so both these strategies will be followed. We are not going to go after more core IP from MphasiS. We are going to take our existing core IP and grow that business. Secondly, we are going to leverage on partners core IP and buildaround IP, and in this case the partner's IP that we are significantly going to focus on in stage one is going to be HP's core IP.

Mr. Dipen Shah: Okay, and the other part is just an extension of the previous questions which were asked about billing rates and margins, having heard that billing rates are not a significant concern at least as of now, and last quarter which went by had lower number of billing days because of which the revenues were lower, if you can just give some more color on any pricing pressure which you expect in the next couple of quarters or may be the next year as a whole, and given the scenario, your expectations, do you expect margins to be maintained in a narrow band for the next year?

Mr. Ganesh Ayyar: Regarding pricing pressures, we feel that it is not a quarterly phenomenon. This is something that we have been seeing consistently impacting us in line with market trends, so it is not that there has been a significant price reduction in Q4 or in Q3. We see pricing pressures coming all the time from a variety of customers, and this is all subject to negotiations and then we agree and we come across and reach a settlement. So, this is an ongoing kind of phenomenon, if you would like to call it. Pricing pressure is a fact of life, and you have got to accept it in the business that things happen like this. At the same time, our primary aim is profitable growth and to deliver consistent results, so we aim to maintain the margins and if possible even improve the margins, and that we are doing as I spoke previously to an answer to another question, some of the measures that we are taking is looking at low cost delivery centers outside of India in other emerging countries.

Mr. Dipen Shah: Okay.

Mr. Ganesh Ayyar: Then we have already started shifting the fixed pay into more a variable structure, and linked to company performance, and again, as I mentioned we also looked at facility consolidation and improving the seat utilization. We have had good successes in that area where we have seen good increases in seat utilizations. The targets have been hiked up for the next few quarters, and we are looking at some savings in the real estate area.

Mr. Dipen Shah: Okay, fair enough, and just last very briefly, if we have to look at the customer profile and revenues flowing from them, there has been a significant or a good amount of reduction in the top client revenues on a sequential basis, and also in the top 5, so if you can just make a comment on that, thank you very much.

Mr. Ganesh Murthy: So, we have actually seen growth in the number of customers above 20 million Dollars annualized revenue. Last quarter, we had 9 clients in the 20 million plus revenue bracket, and this quarter that number of clients is 11, so we have actually been growing in the top end of the segment.

Mr. Dipen Shah: No, I was talking more from the angle of the revenues from the top 5 accounts they have reduced on a sequential basis, so do we read more into it or what were the main reasons for that? That was the question.

Mr. Ganesh Murthy: Okay, that primarily is our top client HP which of course contributes 12% of our revenue. , This is what we do for HP internally. We do a fair bit of R&D work as well as BPO work. We handle their HR processes and financial and accounting processes, so that area is not a growth area for us. We will be looking at reductions in that area because HP is also in a process of consolidation and cost reduction, and that is the area where we would see a reduction from that client. So that major reduction is from HP as an internal client.

Mr. Dipen Shah: Okay, okay. So, is that business, can we look at further scale down, is it what you are hinting at?

Mr. Ganesh Murthy: Yes, HP is in a process of consolidation, so it all depends on their plan in the near future, how they will look at it. We don't see that as a growth area. Our growth area is definitely the go to market partnership channel that we have with HP as well as direct customers. So, as Mr. Ayyar has mentioned previously we have had 3 new customers in the direct channel, and our focus in FY '10 will be both the go to market partnership channel as well as the direct channel.

Mr. Dipen Shah: Okay, fair enough, thank you very much and all the best.

Mr. Ganesh Murthy: Thank you.

Moderator: Thank you very much sir. I kindly request the participants to ask two questions at the initial round and then come back for the followup questions. Next in line, we have Mr. Pratik from Edelweiss Securities. Please go ahead.

Mr. Kunal Sangoi: Hi, this is Kunal Sangoi. Ganesh, my question is with regards to the rate card. I believe that we work on a rate card with HP for specific set of services. When does it come for renegotiation?

Mr. Ganesh Ayyar: It was due last quarter, it will be due this quarter, and it will be due again the quarter after because it is not one elemental discussion which takes place on rate. But let me turn the question to other part. Rate card plays a role in HP's internal business which was articulated at 12%, and what we call as migration business, where HP has won that contract and which comes to us as a part of their global delivery supply chain - that is another 16%. So, the rate card actually is covering approximately 28% of our revenue. The other go to market business is not covered by rate card.

Mr. Kunal Sangoi: Okay got it, and also you know, the earlier participant did ask question on the top client. Could you offer your comments on other than top clients, which is you know from clients ranging to 2 to 5, that has also declined almost 8% on a sequential basis. What has been the primary reason there?

Mr. Ganesh Ayyar: Those are sort of upward and downward movements that we see. We have not lost any client. It is just that we are seeing, some of the projects are completed and there is project ramp down especially in the applications development area, so you see these fluctuations when you sort of segment the client base into these kind of compartments. You will see clients moving up or down between these various segments.

Mr. Kunal Sangoi: Okay.

Mr. Ganesh Ayyar: We do not draw too much on that.

Mr. Kunal Sangoi: No problem. How has the attrition moved during the quarter, if you can help with that?

Mr. Ganesh Ayyar: We are clearly seeing a little bit of an increase in attrition rate, and if you look at an annualized basis, I mean, in Q4, I mean rough magnitude, approximately you are seeing about 2% increase, I mean, depending on what business. For example, in application business, we are seeing an annualized increase of about 0.9% to 1% attrition rate going up. So, that is the current trend right now.

Mr. Kunal Sangoi: Okay, thank you and all the best.

Mr. Ganesh Ayyar: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Ravi from Daiwa Securities. Please go ahead.

Mr. Ravi: Good afternoon sir, this is Ravi from Daiwa. I have one question. You did the AIG acquisition. I just wanted to know how exactly was the revenue from the AIG for the quarter or for the period that you have taken into the accounts, and what is the consideration if you can share with us?

Mr. Ganesh Murthy: Consideration is not really public domain, but if you look at the revenue, as we mentioned earlier, we have integrated AIGSS and the transaction was completed on 1st of October, so we have seen the impact of one month of revenue from this company in quarter four. In quarter one onwards you will see the full impact.

Mr. Ravi: Okay. Second question, what kind of margins that acquisition, I mean, I just want to get a fair idea, is it margin neutral or margin accretive to the total margins of the company though it might be a very small amount.

Mr. Ganesh Ayyar: Our objective is to certainly look at margins neutral or margin accretive acquisition on mid term. When you do acquisition, you have to look at margins into at least definitely two parts if not in three parts and timeline it, and timelining can be done as short, mid, and long or short or long, so in this case we have not done the acquisition based on diluted terms, let us put it that way.

Mr. Ravi: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Pranav from Mata Securities. Please go ahead.

Mr. Pranav: Hello, good morning sir. Congrats on a very good set of numbers. I guess most of my questions have been answered, but just one question on the on-site revenues. That has increased to 29%, up by around 4% from the July quarter, so could you share which location has this increase?

Mr. Ganesh Murthy: Yes, we have seen a growth in both on-site headcount, so we have added about more than 300 people on-site especially in the Apps area, and that is primarily because of one significant win through HP channel that happened maybe a quarter ago, and that is a major Australian telecom service provider that has become our client, and this involves both on-site as well as offshore delivery requirements from MphasiS, so we are in the process of ramping up in Q4.

Mr. Pranav: Okay sir, thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Anil from HSBC Securities. Please go ahead.

Mr. Anil: Yes, this is Anil from HSBC. Sir, my questions relates to your sales from related parties. Quarter on quarter, it seems that your sales from related parties declined by 2.4%, so what I would like to understand, is it because of HP as an internal client or from go to market strategy, which is the main reason?

Mr. Ganesh Murthy: The main reason as I mentioned earlier is HP is in the process of consolidating its BPO and its internal work, so that is the reason for the decline in the HP business. It is a consolidation of the BPO work that MphasiS does for HP.

Mr. Anil: Okay, sir I understand HP has plans to reduce 25,000 headcount of which 19,000 they have already reduced. I think they plan to offshore 50% of these jobs, so do you see this as a growth opportunity, HP as an internal client.

Mr. Ganesh Ayyar: Let me answer that question. Regardless of that discussion of 19,000 because I will let HP comment on that, but fundamentally I see significant potential in growing with HP with our go to market model.

Mr. Anil: Okay, and my last question is on telecom. There is a significant increase in the telecom sales almost 19%, is it because of significant win or some one-time sales?

Mr. Ganesh Murthy: No, it is a significant win, as I mentioned earlier, we won a large customer that is a major Australian telecom service provider, and that has contributed to the increase in the share of the telecom business.

Mr. Anil: Okay, thanks so much sir.

Mr. Ganesh Murthy: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Sandeep Shah from ICICI. Please go ahead.

Mr. Sandeep Shah: Sir, if you take out the AIG revenues from the Apps part, even if we take roughly 2 million Dollar run-rate on a monthly basis, the Apps part of the business also seems declined or not declined but remain almost flat on a q-on-q basis. Can you explain on the organic basis why the growth is muted even in the Apps front?

Mr. Ganesh Murthy: The growth is muted, as one of the reasons as I mentioned is we are primarily in T&M, and in this quarter, in quarter four, we had 4 working days short as compared to quarter 3, so that is one reason why we have had a muted kind of quarter.

Mr. Sandeep Shah: Okay, and sir I think in the total number of employee additions which have been happened roughly 771, if you take at the AIG part of the employee addition, it is roughly 700, and as you correctly said that with almost 88% to 90% of the business coming out of time and material, on organic front with such kind of a low employee addition indicates any bleak revenue visibility even in the coming quarter?

Mr. Ganesh Ayyar: As I mentioned during the call that was a deliberate choice which we made and the utilization rate going up significantly for Apps in this space. It was for us not to go for significant scale while we are facing the integration of the AIGSS acquisition because we wanted the acquisition to be done and integration to be done successfully, mapping of capability done successfully, billability going up, and at that point of time, we don't go on hire, so that was the reason why you saw that the hiring was very controlled. Now, we have integrated AIGSS and that too successfully so the lid will be lifted in this quarter.

Mr. Sandeep Shah: Okay. Secondly sir, if we take the billing rate with the decimal point, is there any sequential decline if we don't look at the actually rounded off numbers but if you look at the decimal points billing rates on the Apps and the ITO front.

Mr. Ganesh Ayyar: Maybe some minor variation but fundamentally it is stable

Mr. Sandeep Shah: Okay, and just the last one, with the on-site employee addition also, with on-site revenue also going up, the employee cost in the cost of revenue has remained almost flat, and the employee cost in the SG&A has gone down by almost double digit sequentially, any reason for this?

Mr. Ganesh Murthy: This is what you are talking about the on-site headcount is the exit headcount, so the ramp-up has happened actually in the last month of the quarter, so that is why you don't see a reflection in the revenues and the cost.

Mr. Sandeep Shah: Okay, will the on-site revenue has inched up significantly, it is more to do with the utilization.

Mr. Ganesh Murthy: That is right.

Mr. Sandeep Shah: Okay. Thanks.

Mr. Ganesh Murthy: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Ram Prasad from Sundaram BNP Paribas. Please go ahead with the question.

Mr. Ram Prasad: Good afternoon sir. Just quickly on the application development front, it has been declining on a sequential basis for the past two quarters, are customers renewing the deal, the projects getting over, and there is no annuity business from that side?

Mr. Ganesh Murthy: No, it has not been declining. The revenues actually have been growing quarter on quarter. You are talking about application development, is it?

Mr. Ram Prasad: Okay, sir, on healthcare side, this quarter we had a sequential decline in double digits, do we see some pick up from hereon or how does it look in that sir?

Mr. Ganesh Murthy: We saw a sort of one-time reduction, I don't think it is a trend.

Mr. Ram Prasad: Okay, thank you sir at this moment.

Moderator: Thank you very much sir. Next in line, we have Ms. Priya from Enam Securities. Please go ahead.

Ms. Priya: Yes, good afternoon to the management team and congratulations on good set of numbers. My first question relates to the business pipeline which is in the infrastructure management services. This has a potential to grow greater than 30% to 35% over the next two to three years, one if you could comment on this aspect. The second thing is, is it possible for you to break up the percentage of revenues which is people related and the other one which is more outcome based pricing?

Mr. Ganesh Ayyar: Let me take the first question, and the first question is relating to how do I see ITO opportunity moving ahead. I personally believe that we are still a very small player, and it is a growing market, so I believe that we have significant headroom to grow and possibilities exist in the market place. Let me come to your second question, you said can you break in your revenue by outcome and effort based, is it on that?

Ms. Priya: Yes, it is more with respect to the IMS offering rather.

Mr. Ganesh Ayyar: With respect to the ITO business?

Ms. Priya: Yes, with respect to the ITO business.

Mr. Ganesh Ayyar: Yes, so I don't think we do that kind of break down by business, but on an overall basis, you will see the break down between fixed price and time and material. But you know if I look at ITO predominantly is made up of two businesses, one is the service desk business, the other one we call it as core ITO business such as remote monitoring, network management, and security, and we do have significant outcome based proportion in the service desk because many a times it is around number of calls and all those things, so which is what you would call as outcome based, whereas in case of core ITO, it is more relating to people.

Ms. Priya: Sure, but is it possible for you to quantify the overall process because the reason, you know, margin momentum can kick in is more from outcome based pricing over here.

Mr. Ganesh Murthy: Our proportion is roughly about 1/3 of service desk and 2/3 of it is core ITO or infrastructure network support and so on. So, you can take roughly as that a percentage.

Ms. Priya: Sure. The second question I would relate more with the SG&A rationalization which we have seen and more strongly selling and marketing in the current quarter, would you say this is on the bottom side, I mean, excluding the rental revenues, you know, rental expenses which you could have based on property based rationalization in the coming quarter?

Mr. Ganesh Murthy: Let me answer this in a phased approach. So, if you look at our selling expenses, they are slightly lower as compared to the previous quarter and that is primarily arising because we have done a true-up of our incentives and we do that at the end of the each year, so that is a sort of one-time true-up of our incentives accruals, but our aim is to maintain consistent, around 4.4% plus percentage of revenues on selling expenses, and that is one of the areas where we would like to invest in. On our G&A, we see a slightly higher G&A. Again, that is primarily due to some accruals we have made for the forthcoming facility consolidation exercise that we are carrying out, and the benefit of this will be seen in the following quarters.

Ms. Priya: Sure, and my last question relates to the revenue breakup from EDS UK which you have shared, is it a quarter to quarter phenomenon that you know there has been some change in the Q4 over Q3 or is it that Q3 had some one-time of billing which led to Q3 increase from EDS UK?

Mr. Ganesh Murthy: I don't think there is anything specific related to EDS UK.

Ms. Priya: Sure, when you give the revenues with respect to the related parties, you know, last quarter if I go by, it was 1218 million and this quarter it is 951 million, so is it something which was billed in or there was a milestone in July quarter compared to the October quarter?

Mr. Ganesh Murthy: We need to check on this. There is nothing significant that comes to our mind.

Ms. Priya: Okay sure, I will revert on that. We can take it offline. Thank you and wish you all the best.

Mr. Ganesh Murthy: Thank you very much.

Moderator: Thank you very much sir. Next in line, we have Murali from Franklin Templeton. Please go ahead.

Mr. Murali: Yes, hi, all my questions have been answered. Thank you.

Mr. Ganesh Murthy: Oh, thanks.

Moderator: Next in line, we have Mr. Pratish from Bank of America. Please go ahead.

Mr. Pratish Krishnan: Hi, this is Pratish Krishnan. You spoke about this consolidation within HP in different centers. Would this be applicable even for the migration work?

Mr. Ganesh Murthy: No, this is nothing to do with migration. When I meant consolidation, I was talking about HP's internal work. The work that we do for HP internally is primarily in the BPO area for the erstwhile EDS segment of the business. HP as you are aware, are consolidating and integrating the EDS business into HP, and they are making it one single business unit, so this is more in relation to the internal work, it has got nothing to do with the migration.

Mr. Pratish Krishnan: Okay, so it is 12% of the work that probably gets…?

Mr. Ganesh Murthy: That is correct.

Mr. Ganesh Ayyar: For the 12%, HP is the customer.

Mr. Pratish Krishnan: Sure.

Mr. Ganesh Ayyar: And rest of it is the customer, end customer is somebody else, whether it is migration or go to market model.

Mr. Ganesh Murthy: So, Pratish just want to add, the entire 12% is not relating to the BPOwe do a fair bit of R&D work for HP's enterprise business unit, and that work has been pretty stable over the last few quarters.

Mr. Pratish Krishnan: Sure, and even last quarter, you spoke about that so far you have penetrated only in the EDS site, the legacy EDS business, whereas the legacy HP business is still an untapped area, can you comment in terms of you know has there been any progress on this side, and what are the opportunities you see on this particular area?

Mr. Ganesh Ayyar: I do see significant opportunities, and we have been doing quite a bit of work to penetrate that area. Obviously, these are newer areas, so it does take time, but we are tracking to what we wanted to plan and I do see potential. , If you look at it the potential around technology services, potential around professional services organization which is HP software umbrella, potential around working in the side of their PC business to look at how do we reduce the overall cost of ownership around PCs, so all those areas is the possibility which exists in front of them.

Mr. Pratish Krishnan: Sure, and the growth here would be, this would be more driven by migration or this would be more driven joint go to marketing initiatives.

Mr. Ganesh Ayyar: I mean, this would be predominantly a joint go to market. Migration business is when you win a customer, and we are literally like part of the overall delivery chain, so it is based on a rate card. Go to market is when you want to go after,the, customer jointly.

Mr. Pratish Krishnan: Sure, and just finally, in terms of the new center that you are planning, any comment on this, maybe the size of the center or the kind of the investment that you are looking at?

Mr. Ganesh Murthy: You mean to say what Mr. Ayyar mentioned about?

Mr. Pratish Krishnan: Yes, global delivery center, I mean.

Mr. Ganesh Murthy: Currently, we are, mainly India focused in terms of our offshore delivery center capabilities. We have on-site delivery centers in UK, US, and so on, but those are on-site, so we are actually looking at establishing an offshore delivery center. We will start off in a small way and then grow that, but I suggest that give us a few weeks, and we will be coming out with definite announcement including the investment that we propose to make and so on.

Mr. Pratish Krishnan: Sure,, thank you so much.

Mr. Ganesh Murthy: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Nirav Dalal from Capital Market. Please go ahead.

Mr. Nirav Dalal: Good afternoon sir. All my questions have been answered. Thanks a lot.

Moderator: Thank you very much. Next in line, we have Mr. Ruchit Mehta from HSBC. Please go ahead.

Mr. Ruchit Mehta: Yes,, my questions have been answered. Thanks.

Moderator: Thank you very much sir. Next, we have Mr. Pankaj Chopra from Shanti Asset Management. Please go ahead.

Mr. Pankaj Chopra: Yes, thank you for taking my call. I have just one question and that is with regards to the process of how you get business from HP and from go to market client, I mean, will you present yourself as part of HP or as MphasiS, if you could enlighten me on that, that will be very helpful.

Mr. Ganesh Ayyar: Let me share with you the difference. In case of go to market, before the process starts right at the stage of selling to the customer, the sales team jointly work together, solutions team jointly work together, customers evaluate based on our capability and overall solutioning. Our pricing mechanism is linked to the final sizing that HP gives to the customer, so the model is very, very different, sometimes it is a migration model. In case of migration model, HP, win a deal, and then ultimately they are looking for as part of their overall delivery chain, they are looking for offshore centers within India and if it is within India they work potentially with us or they could work with somebody else, and if they do work with us, it fundamentally translates into p x q around the rate card. That is the fundamental difference.

Moderator: Thank you very much sir. Next, we have a followup question from Mr. Ashwin Mehta of Motilal Oswal. Please go ahead.

Mr. Ashwin Mehta: Sir, most of my questions have been answered. One bookkeeping question. In terms of Q3 FY'09, we were talking about a one-off revenue, what was the order of that revenue?

Mr. Ganesh Murthy: We won't be able to give you exact details.

Mr. Ashwin Mehta: Okay, thanks a lot sir.

Moderator: Thank you very much. The final and the followup question comes from Mr. Dipen Shah from Kotak Securities. Please go ahead sir.

Mr. Dipen Shah: Yes, once again a bookkeeping question. Could you just give a breakup of the other income component during the quarter and also the forex gain or loss?

Mr. Ganesh Murthy: Yes, so the forex gain after operating profit, we made in quarter four, was Rs 15 crores that consists of the premium amortization as well as the balance sheet hedges that we have, and on the other income, totally we made about Rs 7.3 crores of other income in the quarter as compared to Rs 4.8 crores in the previous quarter, so a growth of nearly 3 crores, and most of the other income is on account of dividends that have accrued from the liquid mutual funds where we have invested our surplus cash. As you have heard Mr. Ayyar, we have 200 million dollars of surplus cash which has grown significantly. A year ago, in October 2008, we had just 12 million Dollars.

Mr. Dipen Shah: Okay.

Mr. Ganesh Murthy: In quarter four, what is remarkable is we have actually got cash from operations that is 66 million Dollars, so we are actually accruing cash of around 20 million Dollars a month.

Mr. Dipen Shah: Okay, fair enough, thank you very much.

Moderator: Thank you very much sir. We have one more question lined up. It is Pinku from Nomura. Please go ahead.

Mr. Pinku: Thanks a lot for taking my question. This is a followup question on the healthcare vertical. You said you are pretty excited about this vertical. Could you just tell me what is the kind of opportunities you are seeing and secondly the license sale was included in the vertical, so if I take out the license sale, there is bigger decline that I am seeing sequentially, so just give me a reason for that also, thanks.

Mr. Ganesh Ayyar: When you look at healthcare, yes, I see significant potential, I also see opportunity for us to leverage on the IP that we have created. Regarding Q4, the decline or negative that you saw is not a systemic issue. It was basically one-time issue which I don't see it recurring in coming quarter.

Mr. Pinku: The license sale, do you see that recurring or how do you see that accruing to you. Is it an annual thing or is it a quarterly thing?

Mr. Ganesh Ayyar: It depends on our ability to win more deals using that software that we have called Javelina, so this is one particular client which we have recognized, and depending on how many deals we win, you will see increased number of sales.

Mr. Ganesh Murthy: We have about 5 to 6 clients already in the pipeline, and this is product business, so it is different from the services business, so the revenue recognition norms are different here, so even though the client has started using the license, they still have to complete the acceptance testing and certify that the acceptance testing is over and only then we recognize the revenue. So we follow very stringent revenue recognition norms in line with US GAAP as well as Indian GAAP.

Mr. Pinku: Okay, thank you very much.

Mr. Ganesh Ayyar: Probably we will take one more question and then we will wrap it up.

Moderator: Sure sir, the final question comes from Mr. Pankaj Chopra from Shanti Asset Management. Please go ahead sir.

Mr. Pankaj Chopra: Sorry sir, my line got disconnected while you were answering, but just taking that same question on how do you market, do you share some kind of revenues for the marketing, will you pay the partners in HP or EDS, how does the structure work?

Mr. Ganesh Ayyar: We carry our own selling cost, right, and that is a go to market model, and we don't share selling cost with HP, neither do we fund its sales organization. We have a different business model on how we do pricing and what kind of, if I may, margin sharing that takes place, which is not around the rate card business.

Mr. Pankaj Chopra: Yes, but your press release says 13 new clients through HP.

Mr. Ganesh Murthy: Yes.

Mr. Pankaj Chopra: Now, how would you have structured the pricing because they would have contributed from their marketing, and you are the guys who do the ground work, so it is a combination, so is there a sharing structure for revenues from that.

Mr. Ganesh Ayyar: It depends on what portion of the solution is being delivered by us, right, so it is not necessary that the entire deal comes to us. The selling and solutioning is done jointly, and so the portion which comes to us, we take the revenue, and that is closely linked to the overall customer pricing.

Mr. Pankaj Chopra: Okay, so at the time of bidding, what your rates are also kind of matched and offered to the client.

Mr. Ganesh Ayyar: Correct. It is more market sensitive pricing rather than rate card driven pricing..

Mr. Pankaj Chopra: That sounds good. Thank you very much.

Mr. Ganesh Ayyar: Alright, thank you very much.

Moderator: Thank you very much sir. At this moment, there are no further questions from participants. I would like to handover the floor back to Mr. Hitesh Shah for final remarks.

Mr. Hitesh Shah: On behalf of IDFC-SSKI, I would like to thank MphasiS for giving this opportunity to host the call and also thank all the participants for dialing in. With that, I will now handover the call to the management for the closing remarks.

Mr. Ganesh Ayyar: Thank you Mr. Shah,. I do appreciate all your interest and everybody dialing in. We have had a fantastic year but at the same time I am acutely aware that now the clear focus is on the first quarter for us and full year ahead. We have a strategy in place. We are going to focus on speed, agility, and sustainability within the organization, and I do see potential. Of course, the economic factors continue to play a role, but I do believe that we have the strategy in place and we will continue to work towards delivering what I call it as consistent results. Thank you very much.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx's Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.