



9 February 2024

The Manager, Listing
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

The Manager, Listing
National Stock Exchange of India Ltd
Exchange Plaza, Plot No. c/1,
G-Block, Bandra-Kurla Complex,
MUMBAI – 400 051

Dear Sir/Madam,

Sub: Transcript of the Investor(s)/Analyst(s) call

Further to our intimation dated 18 December 2023, please find enclosed the transcript of the Investor(s)/Analyst(s) call which is hosted on the website of the Company at <https://www.mphasis.com/content/dam/mphasis-com/global/en/investors/financial-results/2024/transcript-of-earnings-call-q3.pdf>

We request you to kindly take the above on record as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,

For Mphasis Limited



Subramanian Narayan
Senior Vice President and Company Secretary

Encl: As above

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“Mphasis Limited
Q3 FY 2024 Earnings Conference Call”
February 02, 2024



**MANAGEMENT: MR. NITIN RAKESH – CHIEF EXECUTIVE OFFICER –
MPHASIS LIMITED
MR. MANISH DUGAR – CHIEF FINANCIAL OFFICER -
MPHASIS LIMITED**



Mphasis Limited
February 02, 2024

Moderator: Good morning, ladies and gentlemen, and thanks for joining the Mphasis Q3 FY 2024 Earnings Conference Call. I am Rico, your moderator for the day. We have with us today Mr. Nitin Rakesh, CEO of Mphasis and Mr. Manish Dugar, CFO. As a reminder, there is a webcast link in the call invite mail that the Mphasis management team would be referring to today. The same presentation is also available on the Mphasis website, www.mphasis.com, in the Investors section under Financial & Filing as well as on both the BSE and NSE websites. Request you have the presentation handy.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this being recorded.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the Q3 results release that has been sent out to all of you earlier.

I now hand over the floor to Mr. Nitin to begin the proceedings of this call. Thank you, and over to you, Nitin.

Nitin Rakesh: Thank you, Zico, and thanks, everyone, for joining us today. As we begin this calendar year 2024, Happy New Year to all of you. I know it's been a busy day with the Indian budget announcements. We appreciate your interest in Mphasis, and I trust everybody has had a chance to review our earnings release document.

I would like to start by discussing macro trends before double-clicking on Mphasis performance numbers. As we have been calling out for a few quarters now, the market is characterized by duality. Macro duality continues to play out. While we are still in the midst of macro headwinds, clients are also accelerating towards newer sources of value such as AI to stay ahead.

We continue to see relentless prioritization in the market. Organizations are dealing with specific macro issues and spending is not yet back to levels seen previously. There is focus on spend, especially discretionary, and on the other hand, there is healthy desire for continued transformation and innovation. Our conversations show that while cost savings is still an important topic in tech budgets, companies are also looking at new sources of value to stay competitive.

Gartner, in their latest IT spend report in January '24, forecasts that while '23 was largely influenced by change fatigue, momentum should begin in 2024. IT services spending should see enterprises investing in organizational efficiency and optimization projects as well. Balancing



Mphasis Limited
February 02, 2024

the macroeconomic conditions with clients' big hurry to innovate will be the key space for transformation partners.

Since we went public 25 years ago, we have been relentless in our commitment to lead with design and architecture, combined with our engineering DNA. We continue to work on supercharging our archetypes powered by AI. Additionally, we have been investing to evolve and stay ahead to realize our archetype approach. Our prominent partnerships extend across platform and niche AI and data providers.

Our network ecosystem has several hyperscalers as well as specialized market-leading AI platforms and solution companies such as Code.AI, WorkFusion and Databricks. We expect additional key archetypes as we expand on these offerings.

We are constantly focused on continuous investment in areas that are strategic to our clients, especially for their transformation and tech adoption journey. This investment has taken many shapes from building organic capability in our tribes to investment in partner-driven capabilities to acquisition-driven competency buildup in areas such as AI, cloud, design and the more recent Salesforce and CRM solutions.

People are our greatest assets. Infusing the right talent in key areas will help us move with growth. To that effect, let me summarize a few new leadership additions to the company: Ashish, who joins us in the Executive Council of Mphasis, as the Head of our Europe business He brings with him over 2 decades of experience in this geography. Claudio leads our Microsoft Business Services delivery team based out of London. He is highly experienced leader with over 20 years of expertise in spearheading global transformation programs across diverse industries.

On the capability side, Alexey was a Chief Customer officer at WorkFusion and brings extensive experience to execute our digital workforce vision as a GTM leader for our AI business. With the acquisition of Silverline, we not only added a team of Salesforce experts to the Mphasis family but also the leadership team headed by Gireesh.

Our insurance vertical, which is a key area of focus, is further strengthened by the addition of Ravi who brings 32 years of leadership experience across BFSI and is complemented by Surej in the Insurance Delivery leadership team. The leadership boost validates our commitment towards driving innovation-led growth and operational excellence for our clients. We are confident of delivering exceptional value to our clients and further strengthening our global position.

As a testimony to our AI focus, we are pleased to announce that Mphasis has been named as the 2023 ISG Star of Excellence Award in the Emerging Tech segment for Artificial Intelligence. The award recognizes Mphasis for consistently upholding the highest standards of customer service excellence throughout the past year as reflected in their feedback provided by the enterprise customers.

As per the report, Mphasis was recognized for its dedication to client centricity and service excellence following a recent success story with the leading US-based home healthcare equipment and services provider. Based on intricate technology challenges, the clients sought



Mphasis Limited
February 02, 2024

our expertise, resulting in an astounding 49.5% reduction in manual issue remediation through implementation of an automation and AIOps platform that serves as an AI-driven orchestration layer alongside ServiceNow.

This success highlighted our ability to address complex challenges in the US tech landscape, showcasing innovation and client satisfaction while adopting new technologies. You will further find details of this in our press release from yesterday.

We are pleased with the pipeline growth outside of the top 10 accounts at strong double digits. Both BFS and non-BFS pipelines have grown well on a year-on-year basis even after the strong deal wins over the past 12 months. Proactive deal pipeline is strong as well, with about 81% of our deals from proactive pursuits. A healthy composition of large deals in pipeline also underscores that digital transformation and accelerating digital adoption continue to be core theme for our clients.

Almost all of our pipeline continues to be tribe-driven, archetype-led, and is also well distributed across verticals and key themes such as data, modernization, agile IT ops, and platforms. Our deal wins for the quarter were at \$241 million, making our YTD TCV at \$1.2 billion USD. Deal wins are stable and there are a few things I'd like to highlight.

TCV wins on a YTD basis include 14 large deals. We have won four large deals this quarter in Q3 FY24. Notably, significant TCV wins continue to be from our beyond top 10 accounts, and are well distributed between our various service lines.

Almost 85% of our deal wins in this quarter were powered by NextGen Technologies adoption. Our deal archetypes are further strengthened by capability acquisitions made during the year, enabling us to offer larger breadth of services. We continue to be structurally forward-leaning, making investments where we expect demand.

As I mentioned earlier, pipeline remains strong and conversion has been steady, though still slow given the impact of seasonality and the macro factors. Large deals continue to show up in the pipeline, even as uptick is seen in smaller deals too, providing clearer visibility to some revival in discretionary deals, while also boosting pace of revenue conversion. We continue to push for revenue growth, which is anchored in our strong client mining model and tech-led offerings.

Our Q3 FY24 revenue came in at US\$402.3 million, a growth of 1% of a previous quarter in CC terms. Our direct business accounted for 95% of our overall revenue in the third quarter. Mortgage business remained stable this quarter, driven by the new deal wins from previous quarters.

The macro cyclical trends are yet to reverse, though we have seen the softening of the 30-year interest rates on the mortgage side over the last few weeks, but that still hasn't translated into any notable volume pickup. The general expectation is that mortgage rates will gradually decline through 2024, providing a platform for us to benefit from that cycle. Our clients continue to look for best-in-breed solution providers for a combination of cost takeout and transformation programs.



Mphasis Limited
February 02, 2024

We are expecting to see that pace of revenue pickup, especially in transformation deals through the year. Our direct revenue increased 1.3% Q-O-Qs in constant currency and declined by 5% Y-O-Y in the third quarter. Direct revenue growth in the quarter was affected due to seasonality trends in some of our clients.

Our anchor geography US declined 6.8% indirect on a Y-O-Y basis and improved 2.7% sequentially. EMEA region and rest of the world grew Y-O-Y basis. We have been seeing good client wins and continue to see traction here.

Our core service line- enterprise apps constitute about 71% of our revenue. We grew 1.6% sequentially in constant currency terms in direct application business. The impact of seasonality was of course seen in a few clients.

The BPS segment was impacted due to mortgage declines on a Y-O-Y basis. We expect this segment to see stability ahead. Moving quickly to the vertical performance, our mainstay vertical BFS was up 0.3% sequentially on overall basis, weighed down by seasonality in a few clients. We saw sequential growth in insurance, logistics, and other verticals driven by client and deal wins in recent quarters. Similarly, our Others vertical in direct is growing quite well as reflected in the 20.7% Y-O-Y revenue growth in Q3. We see good ramp up in new customers added across segments, including in healthcare in the last few quarters.

Top 10 accounts, ex mortgage declined 7.5% Y-O-Y, mainly impacted by macro conditions, seasonality, and the regional banking issues earlier in 2023. Our top 11 to 20 clients ex mortgage increased 11% Y-O-Y. Our 21 to 30 clients ex mortgage also grew 26.8% Y-O-Y. New client acquisition revenue continues to grow well, sustaining its double digit growth trajectory. Client mining stats remain healthy, Q-O-Q and Y-O-Y. The Y-O-Y movement in clients in the 50 million plus category is purely due to mortgage declines on a Y-O-Y basis. We expect this to come back as mortgage spends resume. We're using this opportunity to continue to consolidate our wallet shares and gain market share with our mortgage customers.

Coming to our financial metrics, our margin philosophy affords us the flexibility to manage our profitability in the face of revenue headwinds.

In this quarter, the reported EBIT margin stood at 14.9%. This was our first quarter with consolidation of Silverline, which impacted the EBIT by ~1.1% negatively. Despite seasonality, our EBIT margin for the organic business improved over previous quarters through various operating levers. Reported operating profit declined 7.1% Y-O-Y on a reported basis and declined 1.9% sequentially.

Losses in cash flow hedges impacted margins in Q3 by 40 basis points. EPS for the quarter at Rs.19.8 was a decline of 4.7% sequentially, impacted primarily by the silver line acquisition. Cash flow generation for the year to date was at \$182 million, which is 100 plus percent of PAT for the period.

Adjusted cash generation in Q3 was \$70 million, adjusting for one times. DSO improved by one day at the end of Q3'24. This quarter, we continue to retain our focus on the micro and on ensuring operational stability amidst the duality in the macro environment.



*Mphasis Limited
February 02, 2024*

I'll leave you with a few points. We continue to focus on building for growth and have been steadily investing in leadership as I called out in the previous few minutes. We both built and bought capabilities and have made investments in areas where we are seeing and expect demand.

We're structuring to capture market opportunities as demand conditions pick up. We see a resilient pipeline with steady deal wins across archetypes. Though macro-driven overhang continues in select verticals, we saw stability in revenue ex seasonality factors. The mortgage business was also stable in Q3 over Q2, led by new deal wins in previous quarters. We are pleased with the execution rigor in delivering expanded adjusted operating margin despite seasonality impact. Updating on the Silverline integration, our synergy realization is on track and we remain focused on the same.

As for outlook for Q4, 24, few key messages for the quarter. We'll continue to focus on integrating our capabilities and will execute to capture growth opportunities. Our focus is on converting deal wins to revenue based on the healthy wins that we've seen in the first three quarters of the year.

We do expect to deliver growth beyond seasonality factors and growth will be led by BFS and TMT. We do expect to see continued stability in the mortgage segment and end FY24 with a strong Q4. With a resilient pipeline and healthy order book, we expect to drive revenue diversification outside of our top ten accounts.

On the margin front, we retain our message of margin stability. Excluding the acquisition impact, our operating margins will remain in the stated band of 15.25% to 16.25% in the upcoming quarter with a continued focus on operational rigor, giving us increased confidence on the trajectory of our performance. On that note, moderator, let's open it up for questions, please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: Hi, Good morning, Nitin, Manish, wishing you a happy new year. I had three questions. The first is on the seasonality aspect. The information technology vertical or the Hi-tech vertical actually saw a sharp decline this quarter. Was that purely furloughs? And should we anticipate a recovery in furloughs going into next quarter?

Because some of our peers have been sort of suggesting extended furloughs and so on and so forth. So, just wanted your thoughts on that. The second is on the margin skew. So we have seen margins sort of improve significantly on the insurance vertical and BFS as well. So is there any one-off there because utilization has come up quite a bit and should that be near-term headwind? So that will be second one.

And finally, the deals that we won in Q1, have they largely ramped up? Or is it still in flight? I think those are the 3 questions.

Nitin Rakesh: Thanks, Nitin. I'll take the first one and the last one, and then I'll have Manish talk a little bit about the margin status. So I think on Hi-tech, there was a combination of 2 factors. One, there were some milestone revenues in the previous quarter. And definitely, the seasonality and the



Mphasis Limited
February 02, 2024

furloughs impacted the third quarter. As we go into Q4, we already called out that growth will actually be led by BFS and the TMT vertical. And the primary driver for that is, one, of course, reversal of furloughs.

At this point, we are not seeing extended furloughs in our portfolio into Q4. And of course, at the back of certain recent deal wins, 1 of the 4 deal wins that we are announcing in Q3 is actually -- impact that as well. So I think, from that perspective, we do believe that we are back on the growth path in hi-tech starting Q4.

On the deals that were won in Q1 and Q2, I think the deal conversion to TCV has picked up, at least especially in the recent few weeks. And we still have order book to consume coming out of those deal wins earlier in the year. And hence, despite the obvious focus on the headline number of the recent TCV in the quarter, I think the confidence that we have in continuing to consume this already won TCV gives us visibility into, I would say, picking up growth in Q4. Manish, you can take the margin question.

Manish Dugar:

Hi, Nitin. Good morning and Happy New Year to you too. So this quarter, margin has had quite a few impacts. First of all, Silverline acquisition had a structural impact because Silverline comes with higher gross margin and higher sales, and general and administrative expenses. So that has an impact on both SG&A as well as on gross margin.

And at the same time, Silverline acquisition came with charges, which are amortization of goodwill -- sorry, amortization of intangibles and the retention bonuses. And that is reflected in EBITDA remaining constant. If you see 18.2% of last quarter, remains at 18% this quarter.

Outside of that, furlough had an impact on revenue, and slight adjustment to what Nitin said, there is no expected continuation of furlough beyond the quarter. However, there are a few clients who have a quarter, which is different from ours, so October, November, December versus August, September, October. So that may have slight impact in Q4 of ours and Q3 of ours, but majority has come in Q3.

Having said that, that impact of furlough does not have an impact on margin because of all the measures we took to align our leaves and our subcontractors to avoid most of the charges. We - if you look at the furlough and the Silverline impact adjusted, the net impact is 1.1% on EBIT as we had guided earlier. And despite that, we expanded the margin by 0.5.

Manish Dugar:

Not sure, Nitin, where I lost you. But effectively, what I was saying is that despite Silverline impact of 1.1%, we would have been at 14.4%, but we came out at 14.9%, primarily driven by operating metrics and the focus on execution. And we believe some of that will be retained and some of that we might like to invest back as we go forward, continuing with the philosophy of investing for growth and being in that range of 15.25% to 16.25%.

Nitin Padmanabhan:

Thank you so much. All the very best.

Moderator:

Thank you. Our next question is from the line of Manik Taneja from Axis Capital. Please go ahead.



Mphasis Limited
February 02, 2024

Manik Taneja: I have a question similar to what Nitin raised with regards to the margin performance in the current quarter. We've seen our gross margins being the highest since third quarter FY '21. If you could talk about some of the factors that have driven such a strong performance in the current quarter, given the fact that we also saw a step-up in terms of our on-site revenue mix and also face revenue headwinds because of furloughs.

Manish Dugar: There are puts and takes. There are structural changes like I mentioned, Silverline benefiting gross margin and increasing SG&A. There were benefits that came in because of exchange rate gains, losses coming down as we have already articulated in MD&A and our press releases. And I think the primary driver was our focus on execution like we have maintained earlier.

We had operating levers. I know that utilization looks low, but utilization carried the impact of furlough, so it's not furlough and utilization in addition. Furloughs are already baked in utilization, and that is what is reflecting in the margin as well.

So at an overall level, we have focused on making sure that we align our costs with the revenues. And our clients help us in doing that, right, because these are all planned activities. But generally speaking, what I would recommend we look at is the EBIT movement, which is what we have always maintained, right, that, at an EBIT level, we were expecting 1.1% decline, but we are able to ensure that we deliver 0.5% higher than that.

Nitin Rakesh: I think if I can, Manish, just add a little bit more qualitative color to that. I think we've maintained two things over the last few quarters quite consistently. One, we continue to invest in taking a forward-leaning position towards growth. And at the same time, we have enough operating levers available in the business to find ways to keep the margin line stable.

We planned for the Silverline integration acquisition months in advance of closing the transaction. And we put in place those actions from the day we actually announced the transaction. So that -- while it gave us the opportunity to expand the reported GM, at the same time, we already had actions in place given that most of these factors around seasonality, furlough and the impact of acquisition were known to us well in advance.

So I think from that perspective, I'm really glad with the way the team has executed. Some of this will stay in our P&L going forward; and some of it obviously will go back into the business as we expand these GTM efforts. And of course, we still have work to do from an integration execution perspective with the acquisition that we announced.

So I think the execution rigor of what we can control, which is our P&L and the profitability, very, very strong. Of course, we can't control the seasonality of the macro, hence, we are very focused on micro on that.

Manik Taneja: Sure. Second question was for you, Nitin. Basically, over the course of last 18 months, you've had challenges across our top client portfolio. Some of them because of macro. Some of them also because of customer-specific situation, and because of which, some of the deal wins that we have won since we haven't ramped up or converted into revenues. If you could talk about your outlook for the next 6 to 9 month time point on that front and also talk about the potential risk from insourcing or capital expansion at one of your large logistics customers.



Mphasis Limited
February 02, 2024

Nitin Rakesh:

So Manik, there are 3 separate issues that you're raising in that 1 question. The first one is around just the top client -- top 10 clients' performance in terms of the impact of macro. I think there's definitely squeeze in discretionary spend that has led to some softening in spend, and we've seen that play out across more than one top customer.

We are very, very focused on our wallet share and expansion of addressable market when it comes to taking a very, very bottoms-up approach to these customers. So very happy to report that we've not lost wallet share in any of our top 10 customers from that perspective, very good execution as a team and staying very focused and sharp despite the challenging macro.

Second, there was definitely an impact of mortgage declines in some of our top clients because we have multi-tower businesses in many of these customers. I think we've called that out consistently over the last 4 to 5 quarters. As we see stability, we'll probably see that reversal happen, and we will now benefit from the cycle as it turns on the other side over the next few quarters.

Hard to pinpoint whether it's going to be this quarter or the next quarter, but we pinpointed the bottoming out purely based on our bottoms-up deal wins and wallet share gains. But as the market turns, we will definitely see the impact of that on a go-forward basis. When it will happen, again, we'll have to wait and watch and see how that plays out.

Some client-specific issues coming out of the regional bank crisis that we've talked about, that definitely was an unexpected big blow to our top client category. And I think we seem to have kind of mostly washed that through our quarterly numbers as we speak. Now we are focused on really monetizing the opportunity that, that provides us.

And the final one is the one you're raising, which is how do we operate in terms of competitive environment with clients' captives. I think we've been used to that for many of our top customers. Almost every -- each and every one of our top clients has a very large presence in the captive.

We will not be competitive if we only provided cost arbitrage solutions. And hence, if you go through the themes for the last many, many years, especially the last 3, 4 years, the thematic approach has been building capability, competency and differentiation. And hence, we are very comfortable working alongside the captives.

While it may seem like a headwind in the short run because headcount movement definitely favors the captive in the short run, but at the same time, with these same customers, we've actually seen expansion of our transformation deals and large deal pipeline as well. So I know it doesn't -- we focus more on aligning and partnering with the captives versus seeing them as a threat in competitive situations.

Moderator:

Thank you. Our next question is from the line of Sulabh from Morgan Stanley. Please go ahead.

Sulabh:

So my first question is more of a clarification. So I just wanted to understand that versus the last conference call when we were sort of expecting a growth in Q3 and Q4 and now ex of seasonality, we've seen stability in Q3. So is there any new headwind or challenge that has come in versus our expectation in Q3 ex of higher-than-expected furloughs that you talked about?



Mphasis Limited
February 02, 2024

Nitin Rakesh:

I think there are 2 primary things to call out. One, definitely, the impact of furloughs was a bit higher than what we've normally seen in the business. And this is kind of an across-industry phenomena.

The second area really has been what we've been calling out, which is ramp-up of existing sold business. And I think some of those deals have taken longer. We have seen the pace of conversions pick up in the last, I would say, 3 or 4 weeks, but definitely, there were some pushouts in Q3 that will probably flow back into the business in Q4 and Q1. I think those are the 2 primary reasons. And hence, it was important for us to call out the fact that we've seen stability at an organic level.

Manish Dugar:

Yes. So Sulabh, as we had discussed, right, we were expecting some improvement in the conversions, and that was based on conversations that we were hearing from the customers, which was kind of driven by what the macro indicators were, right? And there was an indication that there will be a rate change by Fed. And while it has not happened, but it was indicated that there will be. There were some murmurs around change in that sense and as we look at it, the recent announcement that it will not happen until March.

So I think it's more about being cautious on how the customers look at the environment, what does it do to the economy and stuff like that.

From a deal closures and conversion from deal to revenue perspective, not much has changed since the last earnings. And as we had mentioned, in the last earnings also, furlough was the biggest impact in Q3, and a large part of that will come back in Q4. Currently, we are hopeful that we will be able to be positive beyond the reversal of the furlough impact. But how big it will be will depend on how the conversations go.

Sulabh Govila:

Understood. Very clear. And just a quick follow-up. Most of your peers who have reported, they have been talking about conversion of deal wins, one in the past 6 to 9 months happening on time and converting to revenues. So I just wanted to understand from our deal wins perspective in the past 6 to 9 months, I mean what could be happening differently in these deals? Is this the nature of work, which is different? Or what could be driving this?

Nitin Rakesh:

Yes. Again, I think, coming to us, it seems like a pretty industry-wide phenomena where the conversion has been slow. And as I mentioned, it seems to have, at least starting to get moved towards normalization in the last 3 or 4 weeks. I think there's still way to go for us to consume the TCV wins from Q1, Q2, Q3.

So I mean, to me, I don't think it is -- we have an exception or a standout in that phenomena. It seems pretty industry-wide. But having said that, there's definitely an element of the fact that a lot of our businesses, a lot of our wins are proactive. So that does bring in a slight nuance to the type of work and the ramp-up times that we take. But I think it's not something that we are not planning.

Sulabh:

Understood. And then my second question was on the margins were. I just wanted to understand, Manish, that out of this 1.1% impact that has come in...



Mphasis Limited
February 02, 2024

- Moderator:** Sorry to interrupt sir. May I request you to use your handset, sir. There's a little disturbance from your line, sir.
- Sulabh:** Is it better now?
- Moderator:** Yes, sir, please go ahead.
- Nitin Rakesh:** Much better. Thank you.
- Sulabh:** Yes. So with respect to margins, I just wanted to understand, Manish, that this 1.1% impact of Silverline. Does that have some onetime impact because of transaction costs involved? And what could be the going forward run rate impact of this?
- Manish Dugar:** So in the acquired balance sheet, Sulabh, there were some positives and there were some one-timers. And that plus the impact of amortization and what we believe we can generate as synergy with the integration plans. I think all of that combined is the 1.1%, which is the indication we have given. And some of this 1.1% will go away in quick time and some of it will happen over a period of time as the amortization runs off.
- Sulabh:** Understood. Those were questions. Thank you for taking my questions.
- Moderator:** Thank you. Our next question is from the line of Sudheer Guntupalli from Kotak Mahindra AMC.
- Sudheer Guntupalli:** Hi. Thanks for the opportunity. First question, Nitin, weak macro has been the lowest common denominator for most of the companies. However, some of our comparable peers have been delivering almost 20 percentage points higher growth. Even the Tier 1 companies with much larger revenue base seem to be outperforming us on growth.
- So when we introspect about this growth differential, is there any internal or structural issue that bothers you? Or is it just a portfolio mix differential wherein we are sort of exposed to more pronounced cyclical headwinds than others due to the mix issues.
- Nitin Rakesh:** I think the -- so let me answer that in three different ways. Firstly, part of it is what you said, which is the portfolio issues. When I say portfolio, it's really the exposure to certain segments. And within that, obviously, the higher than industry exposure to just a cyclical nature of the mortgage business.
- Second, I think the impact that we saw in the middle of the year coming out of the regional bank crisis, and we gave you some disclosure on the exposure. That definitely was -- I mean, it's a little bit unusual, especially from a peer group perspective. And while we pride ourselves in building deep long-term large relationships, sometimes that doesn't go your way when you have out of the ordinary issues that hit you.
- And thirdly, on the structural side, I think we've taken -- we've constantly done a pretty deep evaluation of how we need to structure the company, both from a GTM perspective, from a capability solution perspective and, of course, from a delivery perspective. We did announce a re-org earlier in 2023 around the vertical-based cohort GTM structure, while we still stay very



Mphasis Limited
February 02, 2024

focused on each account. That is definitely showing signs of synergy and growth pickup, especially as you look at the data I shared with you around 11 to 20 and 21 to 30. And I think that will continue to play out as we diversify away from top 10. And I think that's -- so that's one. Two, I think on the structural side, we did believe we needed to make some changes in some of our industry verticals and we announced that as well over the last few months, and we called it out today again on the insurance side as well as on the AI side.

So I think it's a constant work in progress. We will constantly continue to evaluate things that we need to do, changes that we need to make in both structure and our leadership as well as augmentation of capability, again from a -- either from a buildup -- organic buildup perspective or from an acquisition perspective. So I think we've been very busy in the last 12 months across all of these fronts. We're not standing still waiting for the macro to turn. We are driving a lot of these actions, and you can see those play out through the last three or four quarters.

Sudheer Guntupalli: So what you are highlighting is that internal execution issues or any company-specific issues, you don't see at this point. Rather, it's only going in the positive direction. Is that the correct way to understand?

Nitin Rakesh: Yes. And I think we are giving you transparency on that as well as to how we are driving that.

Sudheer Guntupalli: Sure, sir. That's very helpful. And second there's a quick clarification. What you're saying on Q4 outlook is growth -- there will be growth ex of seasonality. So are you expecting positive seasonality from Q3 to Q4 or maybe negative seasonality? I mean, just a clarification on what do you mean by seasonality, positive or negative?

Nitin Rakesh: Yes. I think what Manish meant was that there will be some reversal of the furlough. So if we took an impact in Q3, we will not have the same impact in Q4. So that will give you some growth. But what the guidance that Manish was giving on that answer was that we expect growth to be more than just a reversal of the furlough.

Sudheer Guntupalli: Okay. Understood. So irrespective of that reversal tailwind, on top of it also you will have growth in the portfolio. That's what you are saying?

Nitin Rakesh: Yes, because we are focused on executing that TCV to revenue conversion that we called out.

Sudheer Guntupalli: Thank you, very much sir. All the best.

Moderator: Thank you. The next question is from the line of Girish Pai from Nirmal Bang Equities Private Limited. Please go ahead.

Girish Pai: Yes. Thanks for the opportunity. Nitin, if you can give us an outlook on various segments of your business into 2024 from a demand recovery perspective, the mortgage part -- the non-mortgage BFS part and the non-BFS part, how would that look like?

Nitin Rakesh: Yes, I can give you a little bit colour. I think let me give you the nuance on all the three, and then probably a couple more double clicks. We basically think that the mortgage business bottomed out for us over Q2, Q3, which is kind of what played out in the last quarter. And not



Mphasis Limited
February 02, 2024

because we called the bottom on the macro cycle or the interest rate cycle, but because we focused on what the volume projections were and how much more new business we were able to win as we consolidated our peers out. And in some cases, even took over new business from customers outsourcing to us. That -- while that played out, it hasn't yet fully played out because we still expect that to play out and actually become a growth driver over the next four to six quarters. Some of it was cyclical, some of it is purely based on as we see expansion of those deals going into those customers.

On the BFS side, I think it'd's a little bit more nuanced than just one big block of BFS because there are still segments of BFS that are stressed, especially market making, investment banking, deal volumes, IPO volumes are still not -- nowhere near where in a normalized year where they would be. I mean, the IPO market is pretty much dry.

So I think that segment is probably going to be a lot harder to recover, and it will only recover once the real activity improves in the market. Where we have seen a lot of investment going is consumer banking, asset and wealth management and governance and risk areas. In those areas, I think the spend actually started to trickle back up.

We've seen a fair amount of activity in areas like infusing AI into customer experiences. And that's why you've seen that play out even with companies like Salesforce. We're seeing initiatives around using data to drive their customer experiences and customer segmentation. Again, you've seen that play out with players like Snowflake and Databricks. And of course, the Hyperscalers have started to report an uptick in consumption because clients have resumed their transformation efforts in moving towards a refresh of the new tech infrastructure pretty much across the board, including banking. On the non-banking side, I think we have, of course, set ourselves up with three or four new verticals. I think the travel business continues to boom quite well.

And we are doing everything we possibly can to expand our footprint in travel and logistics, especially travel and transportation and to position within that sub-segment. And then health care for us is purely a wallet share gain. It's pretty much a noncyclical business anyway, but for us I think it's really about continuing to expand our wallet share with the customers that we acquired in the last two years in that segment. It's still one of our smaller businesses.

And I think insurance is a lot more about us executing better. And that's why we reset that business over the last six months. We started to see some early results, and we're happy to just continue to execute that because the need for that business are pretty similar to the needs that the kind of follows from a BFS trend perspective.

And I think we talked a little bit about our TMT business. We are pleased with the progress that we are making, not just in hi-tech, but in telecom. We had a large deal in telecom this quarter that gives us an entry into a new sub vertical within TMT. We still don't have a lot of media in there, but I think one step at a time, continue to focus on expansion of hi-tech as well as the newly won deals to be converted.



Mphasis Limited
February 02, 2024

So I think it's -- as I said early days, we are seeing some uptick in activity. We have called out for some green shoots. We have to wait and see how the macro turns out, how the geopolitical environment shapes up. And also remember, this is probably one of the heaviest election years in the history -- in the recent history with almost 50 elections across the world.

So there is some element of that, that we'll keep an eye for as well. But broadly bottoms up, very focused on just executing to these trends that I talked about.

Girish Pai:

My second question Nitin is more industry related, not so much Mphasis specific. We've seen a lot of the cloud players announce results recently. And if you look at the last 24 months, we've seen the cloud players deliver anywhere between 10% and 30% kind of Y-o-Y growth. 10% -- maybe 10%, 12% for AWS and the others have delivered 20% to 30% growth. This could probably a naive question, why is that not translating into IT services demand because the cloud players seem to be doing fairly healthy revenue growth?

Nitin Rakesh:

So I mean there's -- this is a very nuanced correlation between expansion of compute spend versus spend in IT services. And the reason for that is once you've actually moved your environment or the infrastructure to a hyperscaler, for incremental consumption of compute, you don't really need any more services work, because you've now made your infrastructure variable. And as you see volumes go up or down, there is no new tech services required to do that.

And so the biggest lift in consumption is in consumption of compute, which is getting the infrastructure and the application estate up onto the cloud. And from there on, yes, there is a run element but it's a fraction of what it used to be. And that's why you've seen a pretty large reshaping of the industry from an IT operations perspective. It's not what it used to be. And hence, the infrastructure line of business has completely been renovated as well.

Second area where you see growth, once the client is on cloud is in areas such as adoption of data platforms, and/or adoption of all things AI. You can't really create an AI strategy unless you clean your data pipelines and you have all data available in a manner that it can be consumed on the cloud. So I think the next phase of growth for tech services will really come out of providing these solutions to applications and customers that have already embraced the cloud.

And in many cases, of course, they will continue to build new applications. And again, going back to this theme, hence, the focus for us at -- almost at a maniacal level is how do we continue to build capability that brings us closer and closer to what the customers will need to do in terms of deploying these solutions even after they get on the cloud side. Just by itself, having cloud capability is not a long-term growth formula.

Girish Pai:

Thank you.

Moderator:

Thank you. The next question is from the line of Abhishek Bhandari from Nomura. Please go ahead.

Abhishek Bhandari:

Nitin, I have two questions. First, if you could quantify the furlough impact for this quarter? I'm just trying to get a sense of the kind of growth what you could get in to.



Mphasis Limited
February 02, 2024

Manish Dugar: Abhishek, Manish here. As you know, we don't specifically call out numbers. What I can tell you is that furlough is significantly higher than what it was last year as we have been talking about it before we got into the quiet period. And because there is a difference in the calendar quarter of us and the client, some of it is going to spill in Q4 but majority of that has come in Q3.

And as that reversal happens in Q4, we will get that number back. But at a very high level, we would have been, and as we have mentioned in our presentation as well, we would have had a stable quarter without Silverline if the furlough had not happened.

Abhishek Bhandari: So that's the next question, sir, how is Silverline progressing in terms of revenue metric and margin metric for you? I know it's very early for you. But when we acquired, I think the annualized run rate of revenue was around \$84 million. So let's say \$20 million, \$21 million quarterly revenue run rate. Where are we tracking on that number?

Nitin Rakesh: I think we disclosed out that the revenue -- in-quarter revenue from Silverline was a little over \$15 million, and that's obviously based off of the fact that we acquired them from a competency standpoint and of course, from the ability that the capability brings to us, and that capability includes the ability to work with the Salesforce channel.

We've done a fairly thorough analysis of which of those customers we are likely to retain, because we operate in slightly different market segments from a size of customers' perspective. We are more focused on the enterprise segment, and they had a combination of enterprise and mid-market.

And the next big area of focus for us really is driving synergy into our customer base, and of course, making sure that from a cost and margin standpoint, we're able to actually create cost synergies as well. I think as I mentioned in my previous answer, we began on that -- planning for that well in advance.

We executed some of those actions already, especially on the cost side. And we are very pleased by the early adoption of some of those capabilities with our current customer base, including early wins in our portfolio. So I think that's kind of -- to me, the thesis of the investment is playing out quite nicely.

Still early days, and we will give you another update over the next quarter or two. But to me, the thesis of introducing AI-led transformation and customer experiences is really the art that we've been building all the way from design services that we acquired through Blink, plus the partnership that we did on conversational AI, plus the hyperscaler partnerships around things like AWS Connect and the refresh of the contact center infrastructure and combine that with the AI-led customer experiences through Salesforce. So I think it's the stitching together of the entire archetype is the way to think about it.

Abhishek Bhandari: Got it. Thanks, Nitin, and all the best.

Nitin Rakesh: Thank you.



Mphasis Limited
February 02, 2024

- Moderator:** Thank you. The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.
- Dipesh Mehta:** Okay. So a couple of questions. First, just want to understand the way we report deal intake. If you can help us understand because I think earlier you used to give net new. I just want to reconfirm the deal intake what we report is net new number? Or is there any change in the definition we used to give?
- Nitin Rakesh:** No, no. We have not changed any definition. It is consistently net new.
- Dipesh Mehta:** So in a way, it doesn't contain any renewal of the existing business, the way we report?
- Nitin Rakesh:** No, it does not.
- Dipesh Mehta:** So when I look at it, let's say, last 9 months, 1.2 billion net new deal intake, in a way even if assume 5-year kind of period 240 million kind of incremental revenue will flow into revenue line item, right way to understand it? And like as I'm assuming because you said we maintain wallet share and all those things. So renewal rates assumed to be reasonably high?
- Nitin Rakesh:** The only fallacy there is runoffs and discretionary spend cuts. And of course, in some cases, destruction of volume around mortgage business itself.
- Manish Dugar:** And in some cases, there are -- we think in the portfolio of the client in terms of how much is in-sourced, outsourced, even though they may be temporarily as they sit on higher headcount because of them having hired more people. This may impact the total spend and renewal rates even though wallet share may not change.
- Dipesh Mehta:** Understood. Second question related to is, now you indicated some kind of delay in revenue conversion from the already signed deal. Now can you help us understand what factors driving the delay in revenue conversion? Now macro factor is known in 9 months, nothing has changed. So I don't expect clients will relook some of those decisions, which we took in last 9 months. So I just want to understand why they are deferring once they've signed deal. Second thing is what gives you confidence some of it will change?
- Nitin Rakesh:** Yes. So Dipesh, again, let's look across the industry. There have been instances of clients actually having cancelled deals. We have to work really hard to make sure that sometimes what happens is a program may be funded, and 3 or 4 months into the program, they either get deprioritized or get refunded or the deal gets deferred to 2 quarters out. So I think a lot of that played out across the industry. We've seen recent cases of some of our peers announcing cancel deals for a number of variety of reasons. This is something that we have to just deal with as the cycle plays out.
- And the reason why our confidence is what it is, is because we are in constant -- many of these are existing customers. We have a pretty good idea of how their priorities are planning out for the current year. In many of these cases, the spend may have been deferred or in some cases, the spend might actually get converted. And we have -- we may have had an overall spend agreement



Mphasis Limited
February 02, 2024

with them and they can spend in areas that they may not have intended to spending to begin with. So we get priority and preferences because of the commitment that they made to us.

Dipesh Mehta: Understood. So broadly, whether we have seen any cancellation because you indicated a couple of examples where industry players might have seen some of our peers...

Nitin Rakesh: No, we haven't.

Dipesh Mehta: We haven't seen any such? Okay. Understood. And last question is about, I think 2 questions rather. You indicated top 10 client performance on Y-o-Y basis got impacted by seasonality, largely you're referring to higher-than-usual furloughs or anything -- any other element?

Nitin Rakesh: Yes. Higher than usual and also the impact of some of the regional bank issues that we play out in the Y-o-Y number as well.

Dipesh Mehta: And last question is Others. If I look Others is doing reasonably well from a vertical perspective. Can you help us understand what is driving growth there, even though it is small, but consistently, it is growing well. So if you can provide some sense around it. Thanks.

Nitin Rakesh: It's primarily health care, Dipesh. Because, I mean we will start reporting that out separately perhaps in FY'25. But I think we've called that out is primarily driven by the growth in our health care business.

Dipesh Mehta: Understood. Thank you.

Moderator: Thank you. Our next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Based on whatever replies you have given, is it fair to assume that the conversion of deal wins in the first 9 months, especially the first quarter is not materially happened in Q2, Q3 revenue and may start happening in an incremental fashion from the fourth quarter? Is it right way of looking at it?

Nitin Rakesh: Not necessarily, right. I think you're drawing a straight line from quantum to revenue. As I mentioned in the previous question, there is a clear variable, which comes into play, which is either ramp down or project closure or discretionary spend cut. So I think -- and of course, as we talked about the ramp down and client specific issues coming out of the regional bank crisis as well.

So I think it's a combination of all of those things. I don't think it's fair to assume that none of those deals converted. Some of them converted pretty quickly. Even as we were reporting in Q2, those deals got converted and some of these have taken a little bit long. So I think it's a mixed bag. I don't think there is one clear straight-line trend that you can draw from that.

Just the last point. Having said that, we do still have some backlog to consume from the deals that were won in the first half of the year.



Mphasis Limited
February 02, 2024

Sandeep Shah: Okay. Okay. And just any update on any of client-specific issues within top 10 are you worried about? Or you believe stability is emerging on a going forward though may not give you any turnaround growth prospects, but leakage and the ramp downs may be slightly behind, especially in the top 10 clients?

Nitin Rakesh: I think, again, I addressed that earlier as well when we talked a little bit about the concern that was coming out of the captive and such. I think we've seen -- we still have some ways to go when it comes to turnaround because some mortgage effect will play out over the next few quarters as I said, some of those clients do sit in our top 10 business because they're a multi-tower customers. Almost all of our top clients in banking especially are multi-tower where we do work across multiple service lines, including mortgage.

I think from a leakage standpoint, to me, it doesn't look like there is any large risk to call out. We are still obviously focused on ensuring that other category, these customers grow as well. Not for a minute, I want you guys to assume that we are saying that the top 10 clients will not grow. It is very much still a very growth -- very power leading growth stance because there are still wallet share gains, there are still addressable market expansion and they are still investing in transformation program.

I think the issue is can we constantly grow other segments around these clients faster, while continue to grow these clients, it's the stance that we're taking. And that's how we expect 2024 to play out as we go forward. And I think if you are calling for Q4 growth to be led by BFS, then definitely means that some of our top clients will see growth coming back.

Sandeep Shah: Okay. And Nitin, Q2, Q3 new business TCV wins were \$240 million, \$250 million versus our earlier average being \$300 million, \$400 million. So is it the deal wins are as per your expectations? Or there is -- could have been better because of macro issues. These deals have been right shifted and the deal win pickup can improve on a going-forward basis?

Nitin Rakesh: Yes. I think, again, the way the business works is that there is a certain time line from the time you originate the deal to the time you convert it to closure to the time you convert it to revenue. We tucked in a lot of closures in Q1. And of course, that meant that we had to work through the pipeline over the next 6 months to bring additional views upfront.

So I think the right way to look at it is to look at a slightly longer-term average basis, maybe a four quarter average is a good measure versus a quarter-on-quarter number because this is only net new deals. We are not including renewals in the year, so that there's no -- there's no run rate effect of renewals coming into these numbers.

Secondly, I think the real metric to focus on is pipeline. And I think we got a new pretty detailed pipeline analysis of where we are both in BFS and non-BFS and of course, by breakout by archetypes or tribe.

A couple of things to note there. One, pipeline is actually double-digit growth even on a sequential basis pipeline is up. Some of these deals are still early stage. Some of these are very large deals. So we'll have to just focus on making sure that we go through the pipeline and continue to convert that through the next 2 or 3 quarters.



Mphasis Limited
February 02, 2024

And of course, we would like the TCV number to be higher this quarter as well as the last quarter, but it's just -- the focus really has to be moving the deals through various stages in the pipeline and therefore, we continue to drive as we go through.

Sandeep Shah: Okay, okay. And the last question to Manish. In one of your earlier comments, you said if furlough would not have been there, the organic business ex of Silverline would have been flattish. Is it what you tried to say?

Manish Dugar: That's right, Sandeep.

Sandeep Shah: Okay. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Ashwin Mehta from Ambit Capital Private Limited. Please go ahead.

Ashwin Mehta: Three questions. One, in terms of offshore utilizations, we are almost 14% below peak. So as you go forward, how are you thinking -- you've historically talked about that you would want to keep the margins within a stable band. Is there a scope to kind of compensate through margins in a period where the growth is lower?

Manish Dugar: Ashwin. Hi, Manish here. Large part of the utilization is freshers and furlough in the quarter. And some companies choose to report furlough in price, we report in utilization. So our math for utilization is billed hours divided by available hours, and we don't reduce it from the available hours. So from that point of view, some of this will get corrected as the furlough goes away. But having said that, is there an opportunity in utilization? Absolutely.

And we are currently focusing on ensuring proper pyramid rather than pushing the pedal on upping the utilization number. And as we go forward and as the volume picks up, some of this will translate into tailwinds to the margin.

Ashwin Mehta: Okay. Fair enough. The second one was on DXC, where we had signed an MRC. But over the last 3 quarters, we've seen decline here. So what's the outlook here in terms of coming back to that 14 million run rate that we agreed to?

Manish Dugar: So Ashwin, we are working with DXC, and we are making sure that we are part of their GTM and we work together to figure out how we can be useful to them and how do we pick up good quality business. It's not necessary that every quarter we will meet the numbers. And like we did last time, there are ways and means to kind of work together to figure out the commercials in a longer-term basis.

0.5 million or 1 million quarter-on-quarter movement at an overall level is not that significant. We should take any measures, which are not what one would like to take. I would say that our guidance on DXC is what it has been before. It's not a segment that we are investing behind. We are working to make sure that we leverage relationship to the extent it is beneficial for both. And sustain an experience that our end customers have, many of whom we have been working for a very long period of time.



*Mphasis Limited
February 02, 2024*

Ashwin Mehta: Okay. And the last one, where Nitin addressed the questions on the top 10 clients, but if I look at your cohort, the top 6 to 10 clients, there was almost a 17% decline this quarter. And from a 3-quarter perspective, almost a 40% decline. So is it largely related to the regional bank issue and this quarter largely related to furloughs. So there are some of the other issues that you highlighted in terms of client spend coming off also affecting. So what's the outlook here? Is there any client expectation to go about that?

Nitin Rakesh: I think it's primarily related to 3 factors. One is, I think if you look at the Y-o-Y number, there will be a pretty decent impact of mortgage declines. There is also an impact of regional bank issue on a Y-o-Y basis, even as well as on a sequential basis. And the remainder is really primarily driven by -- I mean besides furloughs the remainder is driven by the squeezing of the discretionary numbers -- discretionary spend numbers.

But again, as I said, there is no structural issue that we can see at this point in time. And we are, at this point, taking a forward approach and saying every segment of category top 5, next 5, next 10, and the 21 to 30 as well as the new client acquisition business should be contributing to growth. Some of these clients will take a little bit longer to turn around, depending on the segment of business they're operating in. Some of them we've already got the signs of turn around.

Ashwin Mehta: Thanks, Nitin. All the best for the future.

Nitin Rakesh: Thanks, Ashwin.

Moderator: The Last question is from the line of Nitin Jain from Fairview Invest. Please go ahead.

Nitin Jain: I have a couple of questions. The first one is around deal wins in AI. So when the overall deal wins have increased 20% Y-o-Y, but after the first quarter, have you seen any pure AI-centric deal wins? And how has been the ramp-up in the AI specific deals we have already won?

Nitin Rakesh: I think if you go back to what I called out earlier, almost every archetype and every solution is getting AI-enabled. I'll give you a very simple example. If you think about IT, agile IT operations, as we call out in our tribe, what that really is, is to run business. Production support, L1, L2 -- L0, L1, L2, service desk, customer experience, employee experience. Almost all of that has suddenly gotten a big boost because you now have the ability to embrace and adopt zero touch, high tech platforms. And we called out the AI award that we won.

There is not in building a new data science-driven platform. That is actually taking an age-old problem of incident resolution and applying machine learning and shift left to it. So the way I see it, there is highly unlikely that there will be any deal that will not have some element of adoption of one of these capabilities as we actually go through current quarter or the next year.

So to me, I think this has become like the foundation of the business very, very quickly, and will actually even get more embedded into the business across the industry over the next couple of years. And if you don't embrace and adopt it, then we have serious issues from a relevance and capability standpoint.



Mphasis Limited
February 02, 2024

- Nitin Jain:** Okay. Great. And just a follow-up on that. Like how has been the ramp-up in the deals that we have already won -- AI-specific deals?
- Nitin Rakesh:** I think, as I mentioned, right, across the board, while there is still some backlog, some of those deals are very quick to ramp up because those were here and now needs for the customer. So I think nothing much else to call out for that what I already answered on the TCV consumption.
- Nitin Jain:** Next question is on Silverline. So the benefit to revenue this quarter seems lower than the quarterly run rate it had when we acquired it. So what would be the reason behind it?
- Manish Dugar:** So Nitin, as Nitin Rakesh mentioned when he was talking about the acquisition, we acquired it primarily for capability and competence and the run rate you are referring to is probably calculated based on the trailing 12 months numbers at the time of acquisition, which was not reflective of the run rate that was there when we acquired.
- So a combination of that and our choices of which customers we would prioritize and work with. We believe that the number that we have got is what we had indicated when before the quiet period happen. So -- and in the interest of transparency, we wanted to make sure that it gets communicated as a specific number. So we are not surprised by the number that we got with the Silverline acquisition.
- Nitin Jain:** Okay. And the guidance for the margin impact of this Silverline acquisition was around 0.7% to 0.8%, but it's coming higher than that. So if you could elaborate a little more on that, Manish?
- Manish Dugar:** Nitin, the guidance when we had the earnings call was that the current estimate was 0.7% to 0.8%, which will get kind of firmed up as the auditors go through the purchase price allocation. And during the quarter, as the numbers got firmed up, the final impact of amortization and all the other charges came to 1.1%. So the guidance you're talking about was an indicative one, as I had mentioned when we discussed in the last earnings call.
- Nitin Jain:** Okay. Great. And one last question, if I may. So the finance costs, they seem to have jumped significantly from Q1. So from 240, we are somewhere around 500 plus. So if you can clarify this a bit?
- Manish Dugar:** So for the purpose of acquisition, given -- there was an arbitrage and given we were able to benefit from the interest rate differential, we decided to borrow to fund the transaction. Also, the transaction happened outside the country, and we wanted to leverage the banking benefits we could get by borrowing outside. We do have cash in the balance sheet. We could have chosen to fund it with that, but it was a treasury call in terms of what made more sense.
- Nitin Jain:** Okay. So we see this paring down going forward, right?
- Manish Dugar:** Yes.
- Nitin Jain:** Okay, great. Thank you so much.
- Moderator:** Thank you. With that, we hand over the call to Mr. Nitin Rakesh for closing comments.



Mphasis Limited
February 02, 2024

Nitin Rakesh:

Thank you all for your interest in Mphasis and your questions. And I know we ran over time, so we appreciate your patience. And finally, I think as I mentioned, while the macro continues to remain uncertain, we are slowly and surely turning cautiously optimistic. We're pleased with our execution and the rigor that we showed over the last few months, and we hope to continue to build on that as we get through Q4, and we look forward to seeing you all on our next call. Thank you.

Moderator:

Thank you. On behalf of Mphasis Limited, that concludes this conference. If you have any further questions, please reach out to Mphasis Investor Relations at investor.relations@mphasis.com. Thank you for joining us, and you may now disconnect your lines.