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Q4 FY2017 Earnings Call Transcript – May 05, 2017

CORPORATE PARTICIPANTS:

- Mr. Rajesh Subramaniam – Managing Director and Chief Executive Officer
- Mr. Dinesh Jain – CFO
- Mr. Ganesh Iyer – Head Strategy & Investor Relations

Moderator: Good Day, Ladies and Gentlemen and Welcome to the Q4 and Full Year FY17 Results Conference Call of Firstsource Solutions Limited. As a reminder, all participant lines will be in the 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 the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ganesh Iyer. Thank you and over to you, sir.

Ganesh Iyer: Thank you, Margreth. Welcome everyone and thank you for joining us for Q4 and Full year FY17 earnings call for the Firstsource. Please note that the results, fact sheet and the presentation have been mailed to you and you can also view this in our website www.firstsource.com. If anyone of you have not got the results yet, it would be on the way anytime now.

To take us through the results and to answer questions, we have with us today, Mr. Rajesh Subramaniam - our M.D. & CEO; and Mr. Dinesh Jain -- our CFO. We will be starting the call with a brief presentation providing an overview of the company's performance followed by Q&A Session.

I would like to remind you that everything said on this call that reflects any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with the uncertainties and the risks that we face. These uncertainties and risks are included but not limited to what we have mentioned in prospectus filed with SEBI and the subsequent annual reports on our website. With that said, I would now turn the call over to Mr. Rajesh Subramaniam -- our M.D. and CEO.

Rajesh Subramaniam: Thanks Ganesh and Hello everybody. Thanks for your time today to attend our call. I will pass you through Q4 highlights, FY17 highlights and some of the other details pertaining to the performance of the company and then open it up to Q & A.

From a Q4 perspective, our operating revenue came in at Rs.892.3 crores compared to Rs.885.4 crores in the sequential quarter and Rs.869.4 crores in Q4 FY17. YoY we have grown at 2.6% in rupee terms and 8.2% in constant currency terms. QoQ we have grown 0.8% in rupee terms and 1.4% constant currency terms. There are some setbacks on profitability which I will explain the reasons why in this situation we are in and what actions we have taken to normalize this. Q4 FY17 operating EBIT came in at Rs. 88 crores compared to Rs. 91.6 crores in Q3 FY17 and Rs. 97.8 crores in Q4 of last year; YoY degrowth of 10% and margin contraction of 138 basis points from 11.24% to 9.86%. QoQ degrowth of 4.0% and margin contraction by 49 basis points from 10.35% to 9.86%. At profit after tax level, Q4 PAT came in at Rs.65.4 crores compared to Rs.70

crores in a sequential quarter and Rs.77.5 crores in Q4 of last year; YoY degrowth of 15.7% and margin contraction of 159 basis points from 8.92% to 7.33%. QoQ degrowth of 6.6% and margin contraction of 58 basis points from 7.91% to 7.33%. At this point of time, I would like to pause and explain the reasons for why the profitability is where it is. Two impacts which clearly affected us was Brexit and the US presidency outcome. As a result of Brexit, we saw a significant depreciation of the pound at all currencies and because of which on a translation basis, it had an impact on numbers. So, the translation basis does not reflect any issues on the operating health of the business. It is just the translation with the home currency P&L and balance sheet because our offshore book has been covered pretty much for the next 12-16 months and is pretty attractive compared to where the current rates are and pose a concern. So, if on constant currency basis, our operating EBIT should have been closer to Rs. 91 crores and our PAT should have been closer to about Rs. 69 crores which means the degrowth would not have been significantly. The other material impact which I did speak about last time was the hardening of the 10-year yields which has a material impact on our refinance business in the mortgages business. Unfortunately, between Q3 and Q4, we saw almost 40% reduction in revenues in our mortgage business unit between Q3 and Q4. The rapid decline in volumes which are on the back of hardening of yields obviously necessitated us to take some calls on aligning the cost, but the velocity at which the volumes fell off was far significant than our ability to realign the cost given it takes certain consultation process for ex-colleagues now both in India and US. The 40% reduction in revenues ensure that business which was generating healthy profitability actually generated loss of about Rs. 15 crores in Q4. That significant thing is the reason why at the operating level, the performance matrices have come in at where they are. So, if the currency had been stable and if the mortgage business had even achieved breakeven, not even the threshold that has happened in Q3 but even breakeven which is what it will achieve in Q1, I think the numbers would have been far-far more significant, our profit after tax number would have been as high in Q4 of Rs. 83 crores which would have nearly signified a significant improvement to Q4 of last year and for the sequential basis. This is not an enduring phenomena. What we have seen in the mortgage business post all the corrective actions we have taken in the business while the revenue line will remain the same as Q4, the profitability will be breakeven, slight upward biased, but will be margin dilutive to the overall business. But Q2 onwards on the back of certain deals that we are in the process of closing, the momentum would be blank and we clearly will see restoration of profitability on the back of new deal sign especially on the mortgage servicing side. So, most of the impact we are seeing today is because most of the work is in the mortgage origination side which suffers from the way the yield comes, but mortgage servicing is a lot more stable, lot more predictive and most of the businesses we are winning is on the back of selling our Automation-based Mortgage Servicing Solutions and capabilities which we are able to win business from incumbents that today are doing work for a whole bunch of customers. So that is what I am going to leave with as a summary on what happened in Q4 and how the things have corrected.

From an FY17 perspective, our revenues came in at Rs. 3,555.6 crores compared to Rs. 3,217.3 crores; YoY growth of 10.5% in rupee terms and 12.9% in constant currency terms. If the Mortgage business had achieved its earlier projections we had in Q4, both the numbers would have moved up by 100 basis points on the growth rate. From an operating EBIT perspective, FY17 came in at Rs. 379 crores compared to Rs. 329.2 crores in FY16. Normalized for the exchange between FY16 and FY17 Rs. 379 crores would have been closer to Rs. 400.4 crores and the number would have been closer to Rs. 412 crores if the Mortgage business had come in at break even. YoY growth of 15.1% and margin expansion of 43 basis points to 10.66% and in a perfect world, 10.66% would have been closer to 11.3% in EBIT. At a profit after tax level, FY17 PAT was at Rs. 280 crores compared to Rs. 260.5 crores last year and this number would have been closer to Rs. 311 crores on a like-to-like basis that I discussed earlier. YoY growth of 7.5% and margin contraction by 22 basis points from 8.10% to 7.88%, the number would have been closer to 19.2% growth with the margin expansion of 40 basis points, the steps we have taken and it has been reflected in our Q4 results.

Other Highlights: Employees strength 25,871 employees as of March 31, 2017, seat capacity of 22,880 worldwide - 15,446 employees in India, 10,425 outside of India, net reduction of 121 employees in Q4FY17. The actions in the mortgage business, we see a lot more significant but also remember that in March, we welcomed over 1,000 colleagues on the Sky deal in training. 48 delivery centers as on March 31, 2017, same as last year. Seat fill factor has improved, just under 79% compared to 74.5% in December 2016. Attrition has spiked up a little across all three geographies, offshore about 450-500 basis points at 42.2%, in the US and in UK it was 40.7% compared to 38.2%, and the domestic business was 81.1% compared to 76.4% in Q3FY17.

Cash and Debt Position: Cash and cash equivalents was at Rs. 191 crores compared to Rs.129.3 crores in the previous quarter. Debt repayment call outs are standard and we spent about Rs. 20 crores of CAPEX in Q4. Currently, long-term debt is $80.7 million, on account of we converted some of our predictable working capital debt, short-term debt into long-term debt and that explains why this has gone up by a small percentage. On like-to-like basis, there is obviously reduction in the debt numbers. FX hedges, again as I mentioned to you, all the impacts that we see due to translation because our hedges that give us enough headroom at least for the next 12 to 16-months. Next 12-months, 49% coverage for the USD at INR 71.9 levels, 93% coverage for the pound at INR 110.1 levels, irrelevant numbers for the dollar Philippine Peso. The 12 to 24 months, subsequent to the next year, 23% of the dollar at INR 74.3 and 46% for the pound at INR 102.3, and for that 24-36 months subsequent we have taken 13%

coverage for the pound at INR 102.9 largely in relation to there is a long-term contract that we have in Sky which has spending through the cash flows, revenue streams that we cannot share at this point of time.

In the next few slides, I would talk about our revenue composition. From a quarterly perspective, specific call-outs apart from North America continues to remain the largest geography 55.5%, UK 38%, domestic business has grown slightly to 6.5% from 6.2% on the back of a large banking deal we signed up which has ramped up. From a Vertical perspective, Healthcare is 38.1%, Telecom and Media 33.4% and BFSI 28%, reduction in BFSI is the on account of the Mortgage business unit underperformance despite growth in the domestic banking. Revenue by delivery, revenue by segment call-out is the customer management business obviously has reduced sequentially from 50.5% to 46.5%. Healthcare business has grown on the back of the enrolment business with that one customer between November and February, more pronounced in January and February and Collections because of the seasonality element we saw, the Collections business contribution improving to 12.2% from 10.8% last quarter. The largest customer as expected given the consolidation that we have done has grown between Q3 and Q4 and it is obviously likely to become bigger in Q1FY18 which will reflect the full quarter’s performance on consolidation that we had in March 2017. FY17 revenue snapshot basis of specific call-outs what is there is clearly evident. Obviously, one small element is domestic business to 6.3% last year’s 5.8% now which again reflects how we are dealing with pruning non-profitable businesses there. Healthcare and Telecom and Media, both have reduced on a percentage basis largely on account of the significant growth in BFSI. The first nine months’ revenue performance of the Mortgage business has seen significant, the first 6-7 months of profitability was significant after that obviously once the impact is there one has to see. From a client concentration perspective, Sky which is the largest client is 22%.

Next slide is on Q4 FY17 Financial performance, the tabular representation is self-explanatory. I have discussed this operating EBITDA reduced sequentially by 100 basis points and 170 basis points YoY, PBT down by 150 basis points YoY and about 90 basis points sequentially. Tax rates have come in higher this year and that has been the impact of why profit after tax has been increased in Q4FY17 compared to Q3 FY17. For FY17, we have grown well at 10.5% and 12.3%, we definitely have grown well. The growth could have obviously been a lot better but for the setbacks in Q4, consolidation results, there is a translation related currency movements and because of the mortgage performance but overall we expect revenue momentum to continue into FY18 which I do not see falls on a constant currency basis but obviously on a currency translated basis, the pound has become weaker from what it was, our average rate what it was in 2017 and where the rate currently is and no guess on how the rest of the year would play out. Profit after tax was Rs. 2,800 crores, almost Rs. 30 - 35 crores impact on currency and tax rate which was 9% last year, last year as in FY17 has come in at almost 17% in current year.

From a business outlook perspective, macro environment continues to present headwinds, volatility across all major currencies pound cutting used to be under pressure, is it the hard Brexit, is it a soft Brexit, what is going to happen in the Euro zone, too many questions, too many answers but what we are seeing at least in the UK just mirroring the increase in the FTSE is the unemployment rates are trending down, economic tailwinds within the UK are evidence of and obviously London per se is wash with liquidity, there is a lot of money coming in, taking advantage of the currency where it is, anything from tourism to inbound investments. So, very difficult to predict what is happening, but one thing is for sure we have seen delays in decision-making in client in deals which have been fundamentally at least that is what following due process is what we believe but those deals have all been delayed right now and sales cycles have elongated, so which is something now which we are obviously closely monitoring. In the US, the 10-year yield continue to remain high. Obviously, from where it goes end of Q3, early January it was close to 2.5%, it is closer to 2.3% right now, but we do not see an uptick of volumes as long as the yields are higher than 2.1%. So, on the origination side, we definitely see pressure and origination linked business growth in the mortgage business unit will remain muted if the yields persist or the yields increase. So that explains that this business is going to have a muted quarter but on the back of some of the deals in servicing and translate into revenues, we clearly see growth coming back in fact Q2 onwards. Domestic business again facing headwinds, Reliance Jio shaking up the market, consolidation Idea and Vodafone will have an adverse impact on us and we will have more clarity on what will happen to our engagement with one of the clients in the consolidation process. It is going to have an adverse impact but how bad is something we will know shortly. Price reductions and trying to figure out how to deal with market headwinds is something we are taking a look at on a day-in and day-out basis, right from looking at re-evaluating engagement with clients to cost structure input supply chain input management. Q1 performance as I had explained will be muted due to currency, Pound was Rs. 96 - 97 in Q1 last year and right now it is trending anywhere between Rs. 81 and Rs. 83. So you can imagine the impact it will have on the translation business and the underperformance of the mortgage BU compared to where it was in Q3 but it would be largely flat in revenue terms post the 40% fall off in Q3 that we saw in Q4, but profitability from Rs. (-15) crores would be close to breakeven. The Sky transition has been completed as per plan, we are in a good place, the client which is doing well for us and we are doing well with the clients, so no issue there. FY18 as I had mentioned the constant currency revenue growth will be in line with the industry growth rates that have been set out for next year for the BPO industry but rupee growth will obviously be lower because of currency movements, debt repayment practically should be debt free next year and continuing to make foreign investments in new transformation areas, trying to create the metamorphosis from being a vendor to a partner to clients. That is all I had in this call today and I am happy to have Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Priya Rohira from Axis Capital. Please go ahead.

Priya Rohira: I have few follow-up questions on the Sky deal. Just wanted to understand from Sky deal perspective, this quarter absorbed around 1200 people which was the main reason for the hike in employee cost or was there any one-off in this employee cost?

Rajesh Subramaniam: This 1200 people came on board in March, so there will be hike in employee cost, also, there were severances that had to be paid on the restructuring cost, we had to take in the mortgage business unit where we had to go through consultation with 700 people between the US and India.

Priya Rohira: Is there a breakup of this one-off severance cost which will not recover in Q1?

Rajesh Subramaniam: Sure, sure, we can give you the details, Priya, I will get Ganesh to give you those details.

Priya Rohira: In terms of the pipeline, Q3 we had $350 million, at that time it was up 10-12%, any update for the current quarter and what is the breakup of Healthcare and the Customer Management vertical?

Rajesh Subramaniam: The Healthcare vertical pipeline has increased, the pipeline quality also has improved, so the Healthcare Business will do very well this year basis the deal that we sold in the last, for example, the Provider business has sold about $18 million of ACV between June last year and March this year and lot of that converts to revenues and the pipeline continues to increase. So, the Healthcare business has got the most robust pipeline in terms of quality that can drive growth. The Customer Management business has got many big deals where the deal sizes are in excess of £15-20 million a year in terms of ACV. So, there are two or three big deals which are right now in various stages of venturing that is happening right now, in some, we are 1/3, in some, we are 1/7, in some, we are 1/1 deal, we are 1/2 at this point in time. So, we will see how that plays itself out. The mortgage BU pipeline is muted at least on the origination side and looks robust on the servicing side. Again, it is small business, so it does not move the needle from an overall pipeline perspective. Collections is again muted. It went flat largely in the $15-17 million range at any point in time. So, the big movers and shakers are Healthcare and Customer Management, and in the end of Q4, our pipeline was closer to $375 million compared to about 355-odd million last quarter.

Priya Rohira: On the Sky deal, FY17 you had indicated incremental revenue of around $10-12 million, in FY18 $30-35 million. That seems to be on course?

Rajesh Subramaniam: That is right, it will be closer to about $30 million of incremental revenues in FY18 because Sky is also doing a little bit of rebalancing of their portfolio, so it is closer to between $28 million and $30 million in FY18 rather than $30-35 million.

Priya Rohira: Because of the restructuring?

Rajesh Subramaniam: That is right.

Priya Rohira: This year it was $13 million, right?

Rajesh Subramaniam: As we converse, Rohira, my analyst will give you exact numbers.

Priya Rohira: On the ISGN update, the press release does indicate some buoyancy, but it will be good to listen it from your sense?

Rajesh Subramaniam: As I said the impact of how volumes completely vends out, obviously, there are two things happened; when the volumes because of the yield, in a refinance, 80% of the business refinance, 20% would be a net new origination, so when the opportunity becomes unattractive because of the way the interest rates move, the ability to course correct through cost take outs is a little delayed because there are two indications; one, which the client indicates that volumes will correct and come back and that will lead to see how the yield curve moves and the second one is we believe some of the pipeline deals will convert, because it is such a domain-driven industry where certain trained resources can be put on other projects very quickly. But across all our clients, we saw volume constriction and then it took us a month and a half longer to take the cost corrections… in fact, we have taken the cost corrections by end of December at least for a month, month and a half, we could have had momentum which would not have been as significant as Rs.15 crores loss, it still would have been a loss but not as significant as that, but anyway, by March, it was done and dusted. So, the impact of that is going to ensure breakeven quarter because the volumes have reduced by 40% in Q4 and Q1. But thesis of our acquisition was to grow the entire servicing business. ISGN was a small company when we acquired it and they were getting excluded from all the servicing deals which minimum deals sizes starts from $5 million to $10 million and because of the size and scale, they were getting excluded but they had the domain capability. But post the Firstsource acquisition those deals are back on the table and very happy to state that we are making significant progress and there could be some big announcements coming in the very near future from that part of the woods. How we are winning? Essentially because given we have no legacy compared to lot of people that are sitting with 1000, 2000, 3000 FTEs on mortgage servicing, the disruptions that we can drive on automation alone, can clearly reduce cost to serve at the starting point by 15-20% and then drive different levels of efficiency using the arrowheads that we have. So that was the thesis that we had seen and I am glad it is paying little part also, the Customer Management business is pretty core to the servicing side of the Mortgage business and we clearly are seeing first deal which will go live sometime in September-October. So, combination of all these factors will essentially de-risk the business from being completely origination base and will give more stable annuity, predictable servicing portfolio and the servicing business can be 3-4x in terms of scale to the origination portfolio. So Q4 was a bad quarter, Q1 will be break even muted on to growth, Q2 onwards you would clearly really see the uptick coming back in.

Priya Rohira: In a nutshell, you are saying that Q1 achieve breakeven and H2 would be better than H1 given the fact…?

Rajesh Subramaniam: H2 will be much better.

Priya Rohira: Any outlook for FY18? I am sorry, you generally give that in investor update.

Rajesh Subramaniam: On a revenue basis, as I said, the industry is expected to grow between 6-8% and we will be somewhere at this range at this point in time.

Priya Rohira: So, growth in line with the industry but improvement in margin?

Rajesh Subramaniam: Absolutely, so improvement in margin on a constant currency basis, absolutely yes. On a translation basis, we will have to see where the pound and dollar end at the end of the year.

Priya Rohira: We have been repaying debt very diligently for more than 15-16 quarters by now. This quarter there was a hike in interest cost. Was it due to some currency related fluctuations or …?

Dinesh Jain: No, no, it is some portion of the currency, and I think the otherwise also the short-term borrowings are slightly higher in this quarter specifically, because we have borrowed the additional $15 million for Sky payments. That is the reason the cost is slightly higher.

Moderator: The next question is from the line of Archit Singhal from Nomura. Please go ahead.

Archit Singhal: Firstly, just wanted to understand ISGN if you could mention the revenue in fourth quarter as well as FY17?

Rajesh Subramaniam: So the revenue in fourth quarter was somewhere around $7.8 to $8 million and it showed a loss of about $1.65 million at the EBIT level. For the full year, the revenues will be closer to about $42 million and EBIT of about $2 million.

Archit Singhal: For the next year now, are we seeing FY18 to be better than FY17 both in terms of revenue as well as EBIT?

Rajesh Subramaniam: In terms of revenue, definitely yes, in terms of EBIT on a constant currency basis, absolutely yes.

Archit Singhal: On Sky, you have mentioned the revenue contribution. What would be the contribution to EBIT in FY17?

Rajesh Subramaniam: It is at a geography level. Sky is pretty much embedded within both the UK and in India. We manage these programs at a gross margin level and then after that it comes back to common facilities, depreciation and corporate overheads are allocated basis, certain norms which have been approved by the audit committee. At a gross margin level, given the onshore presence, more like 24-25% gross margin business.

Archit Singhal: This you expect it to improve in FY18?

Rajesh Subramaniam: No, it will not improve in FY18.

Archit Singhal: We have seen 17% tax in FY17. What would be the guidance for FY18 and beyond that?

Dinesh Jain: For FY18 and beyond that also, we expect 17-20% in the range going to be. I think some of the pieces is moving around between the US tax and other pieces around, it will range 2-3% higher from this level, not more than that.

Archit Singhal: There seems to be a dip in deprecation. Any one-offs there in fourth quarter?

Dinesh Jain: There is a slight change in the policy which we have said that because after the IND-AS applicability, there is option to fair value some of the assets. But I think I see there are a lot of investments also taken place in this quarter. I think going forward depreciation may be what we have achieved in the FY17 the similar numbers will be, not materially different.

Archit Singhal: So, the nine months number that should be the represented number?

Rajesh Subramaniam: Yes, I will say that.

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

Dipesh Mehta: Sir, just want to understand two-three things about the Sky deal. This quarter we have seen effect from incremental 1,000-odd employees for a month, right?

Rajesh Subramaniam: That is right.

Dipesh Mehta: Next quarter we should be seeing too months incremental and ISGN also dip significantly in Q4. Despite that we are seeing weakness in Q1 or muted ness in Q1. So, can you help us understand despite two months of incremental, what else is hurting us in near-term?

Rajesh Subramaniam: For Q1, that is on rupee basis, on constant currency basis, obviously, it will look better, rupee basis, Q1 last year, pound was at about 96.5 and dollar was at INR 66, and this Q1, they are modeling it, the pound average is at about 81 and the dollar at about INR 65.

Dipesh Mehta: This is more because of currency, not because of business kind of a thing what you are suggesting?

Rajesh Subramaniam: That is the seasonality in my Collections business which obviously you will know, that between Q4 and Q1, there is almost a couple of million dollars, more like $1.5-1.75 million, in my Collections business which also up in Q1.

Dipesh Mehta: But this time we have not seen that benefit also from Collections, it seems in Q4 number?

Rajesh Subramaniam: Q4, the benefit of collections has been there, but ISGN has fallen by about $5.5 million in revenues between Q3 and Q4.

Dipesh Mehta: The Sky deal payment about 15 million which you suggested. So that would be now amortized over next few years or how one should look from accounting perspective?

Rajesh Subramaniam: That is right, it will be amortized over the period of the contract.

Dipesh Mehta: Can you help us understand the change in policy which you refer because I am considering Sky related intangible amortization?

Dinesh Jain: The change which I talked about the fair value of the property plant and equipment which we have carried out, which is the part of IND-AS. So, lot of things we have done in the Q1 and Q2 that this policy we have done in Q4, but it is part of the IND-AS changes which we have to do in this year.

Dipesh Mehta: So, in a way you are suggesting Rs.60-65 crores kind of depreciation and amortization likely to continue in next year?

Dinesh Jain: That is right.

Moderator: Thank you. The next question is a follow up from the line of Archit Singhal from Nomura. Please go ahead.

Archit Singhal: Just two questions; one, on FY18 you have mentioned 6-8% revenue growth. What about EBITDA margin uptick? You generally mentioned like it was 40-50 basis points last year.

Rajesh Subramaniam: EBITDA margin, EBIT margin will definitely improve. As I have mentioned last time, obviously, our EBITDA margins if some of the setbacks we had, had not happened would have been much better than the guidance that we have given. EBITDA margins should improve by about 50-60 basis points for sure.

Archit Singhal: As you said the employees from Sky came in March. So, is it fair to assume the one quarter of FY18 we will see higher employee cost and reduction in margins?

Rajesh Subramaniam: No, it is a lift out deal, so there is no cost of growth in hiring people, training and stuff, it is people who have been rebadged, so there is no increase in employee cost linked to an organic growth nuance that one would see. So, what you have seen in March that trend and as the revenue increase that percentage will pretty much remain the same.

Archit Singhal: EBITDA basically will remain same as compared to what it was in fourth quarter?

Rajesh Subramaniam: EBITDA will be adjusted for seasonality but in uptick because of the loss in the Mortgage business being reversed. So yes, you are right. Net conclusion largely would be in line with what you have said.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Rajesh Subramaniam: Thank you. Again, Ladies and Gentlemen, thank you for your time. It has been a little peculiar quarter for us given the macro events having a direct impact and the magnitude at which it did, but the good thing is it is not an enduring phenomena, it is something which will correct itself given everything that is going to be played from Q2 onwards and among all the uncertainties we are dealing with fundamentally, hopefully, there is wherever there is mystery, there should be margins, so we are hoping that all the uncertainties should pass. Thank you for your patience investors and analysts. Bye.

Moderator: Thank you. On behalf of Firstsource Solutions Limited that concludes this Conference. Thank you for joining us and you may now disconnect your line.