Majesco

Fiscal 2017 Second Quarter Conference Call

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PRESENTATION

Operator:

Good day, and welcome to the Majesco Fiscal 2017 Second Quarter Conference Call. Today's call is being recorded. At this time I will turn the conference over to Andrew Berger from Investor Relations. Please go ahead.

Andrew Berger:

Thank you, Jessica, and good afternoon to you all. A complete disclosure of our results can be found in our press release issued this afternoon. As a reminder, today's call is being recorded and a replay will be available on our website shortly after the conclusion of this call.

During today's call we will make statements related to our business that may be considered forward-looking under Federal Securities Laws. These statements reflect our views only as of today and should not be reflected upon as representing our views as of any subsequent date. We disclaim any obligation to update any forward-looking statements or outlook. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations.

At times in our prepared comments and responses to your questions we may offer incremental metrics to provide greater insight into the dynamics of our business, or our quarterly results. Please be advised that this additional detail maybe one-time in nature, and we may or may not provide an update in the future.

Also, during the course of today's call, we will refer to certain non-GAAP financial measures. A reconciliation schedule showing GAAP versus non-GAAP results has been provided in our press release that we issued today after the market close.

Hosting the call today are Ketan Mehta, Majesco's CEO and Co-Founder, Farid Kazani, CFO and Treasurer, and Ann Massey, Senior Vice President of Finance. At this time, I will turn the call over to Ketan. Ketan, go ahead.

Ketan Mehta:

Thank you, Andy. Good afternoon, everyone, and welcome to Majesco's fiscal 2017 second quarter conference call. I'm pleased with the second quarter's 10% organic year-over-year growth in revenues, and a significant improvement in Adjusted EBITDA margins, which increased from 0.2% of revenue for the fiscal 2016 second quarter to 5.5% of revenue in the most recent quarter. While the revenue dropped compared to first quarter based on the slowdown of the client transformation program, as we mentioned during last earning call, I am pleased with the overall growth trajectory, specifically in building on cloud business, which is a strategic priority for us.

Since launching Majesco as a public entity in July 2015, we have increased total and organic revenues in every single quarter and our overall profitability is benefiting from the scale. The fiscal 2017 second quarter experienced strong growth in gross margin, which increased 570 basis points from the same period last year and Adjusted EBITDA, which was the highest it has been since March 31, 2015. During the quarter, we continued to execute on growth-oriented initiatives, which include increasing sales to customers for cloud, digital and data and group market product.

Let me provide an update on the progress made in these areas. During our previous calls, I mentioned that the insurance technology landscape is shifting towards an on-demand cloud-driven model. We are taking a number of steps to take a lead in this emerging marketplace. Recently, IBM announced that they selected Majesco's P&C platform to offer a new cognitive, cloud-based solution for health insurance carriers worldwide to create a new service under IBM's recently announced industry platform business. IBM will contribute Watson cognitive capabilities, that will be integrated with Majesco core solutions, and will run on IBM cloud.

We are extremely excited about this partnership, which further strengthens our cloud leadership position. Majesco has been an early innovator of cloud services, has a ready-to-launch platform for insurance carriers and with 30 cloud customers we have created a leadership position within this fast and rapidly evolving segment, both for established and greenfield startup insurers and MGS.

Earlier this year, we launched our Majesco CloudInsurer platform—platform offering, which is positioned to help insurers transform their business. This is the result of Majesco's CloudInsurer's scalable model, ready-to-use content, rapid launch and speed-to-value.

A key part of our cloud offering is Majesco's partner ecosystem, with solutions, data and content that are pre-integrated and extend Majesco's solutions. Since June 2016, we have added three partners to our ecosystem. These partners provide leading-edge unique and innovative capabilities and we believe the size and capabilities of our ecosystem provides us key differentiation in the industry. As a result of this initiative we are finding noticeable shift in our business model. The proportion of cloud-based accounts has increased from 18.1% of IP-centric revenue—revenue sales for the same quarter last year to 25.7% last quarter.

The success of Majesco CloudInsurer is also helping us innovate and expand into new regions. During the second quarter, we announced a new win with Glemham Underwriting to provide a dynamic new cloud-based bureau for the UK general insurance market, which represents our first win for UK P&C

marketplace. We also announced a partnership with Symcor to deliver a cloud-based core system insurance solution to Canadian P&C, and life and annuity insurers. The strategic relationship adds Majesco's core software to Symcor's cloud and outsourcing capabilities to provide an insurance-as-a-service solution to the Canadian market.

A related trend in the insurance industry is an approach towards greenfield and startup to transform carriers' business model. Majesco had a privilege to enable five carriers to launch their new business models, leveraging our core platform over the cloud. An example of our success and ability to grow with startup carriers is our experience with Heritage Property & Casualty Company. In 2012, Heritage started underwriting its first policies in Florida using Majesco's cloud platform, including policy, billing and claims management systems.

Majesco's cloud platform provided Heritage with a best-of-breed end-to-end cost effective and expandable solution that has helped the company quickly grow its presence to additional States and markets and introduce new products, while underwriting and servicing over 210,000 policies. Today, Heritage is one of the fastest growing insurers in the US.

In addition to strong growth for our cloud offering, we are also experiencing increased demand for our digital and data products and solutions. Majesco's DigitalConnect, a single platform with ready to use portal and mobile solutions for customers', agents and group benefit employees, and integrate with alternative distribution channels and third-party data sources. An example, working with a large Tier 1 group insurer we developed 39 portals for a unique market segment group integrated onto Majesco's DigitalConnect in four months. Since launching its offering in November 15, we have increased the number of clients implementing DigitalConnect to nine at the end of the second quarter.

In prior calls and presentations, I have talked about the growth opportunity for Life and Annuity and group market. We have invested in building a compelling platform to serve this market, and believe we are well positioned to grow this business. During the quarter, we signed a contract to modernize a billing system for an international region, of a Tier-1 life insurance carrier. In addition to this deal we closed three new client wins in P&C sector where the client selected Majesco's platform for their modernization initiatives.

In addition, we expanded our relationships with a number of existing client accounts, including Homesite, a Tier-1 insurer, to support their broadening product portfolio and geographical presence in US, on Majesco's cloud platform, and Colorado Farm Bureau Mutual Insurance Company, a big market insurer, who will upgrade to Majesco's policies for P&C as its strategic enterprise platform.

As a result of these bookings we expanded our 12-month executable backlog from $63.4 million at the end of fiscal 2017 first quarter to $65.1 million at the end of fiscal 2017 second quarter. While we are focused on growing our business, we remain committed to offering customers a high level of client services. During the quarter we had three successful implementations of our products. This includes a Tier-1 group insurer in UK who went live with Majesco's policy for Life and Annuity and Group, and a mid-market insurer with Majesco Billing as the first phase of their new greenfield startup.

In addition, we had an existing insurer using Majesco's P&C suite in the cloud, expand into additional States. With each of these successful implementation we enhanced our brand and footprint in the industry.

During the last quarter, we hosted our Annual Convergence Customer Conference at Atlanta. We had participation from over 200 current and potential clients, partners and industry analysts. The conference further reinforced our perspective on the inevitable disruptions taking place in the industry, and received valuable feedback from the client, which shapes our investment and initiatives.

To conclude, I'm encouraged with our performance during the second quarter. Throughout the insurance industry, carriers are taking notice of Majesco's robust software portfolio, breadth of offering, industry leading cloud solutions and a client-centric business model. Our goal is to continue to earn the trust of our clients and become their technology partners today and in future. As a result, I'm confident that we are well positioned to achieve continued revenue growth and further improve our profitability.

With that, let me turn the call over to Farid to discuss the financial drivers for the quarter.

Farid Kazani:

Thank you, Ketan, and good afternoon to all. I will briefly cover the financials for the quarter.

On the revenue for the second quarter ended September 30, 2016, it increased 10.1% to $31 million, as compared to $28.2 million in the corresponding quarter of last year. The growth during the quarter was driven by the ongoing revenue build up in our P&C business and expanding relationship with our current customer base. Revenue for the six-month period ended 30 September, 2016, increased 23.8% to $63.6 million, as compared to $51.4 million in the corresponding six-month period last year.

Turning on to expense and profitability; for the quarter ended 30 September, 2016, gross margins were at 49.8%. The 570 basis point improvement in gross margin as compared to the second quarter of the previous year was primarily due to the successful integration and cost improvement in Cover-All Technologies, which was an acquisition done in June of 2015, a higher mix of the license revenue and improvement in efficiency and productivity in our operations. For the six-month period ended 30 September, 2016, our gross margins were higher at 47.5%, an increase of 180 basis points as compared to the previous year.

The fiscal 2017 second quarter had planned expenditures in both SG&A and product R&D. For the fiscal 2017 second quarter, the SG&A increased by 12.2% as compared to the second quarter of the previous year. As a percentage of revenue the SG&A for the second quarter of fiscal 2017 was 34.3% as compared to 33.7% during the second quarter of fiscal 2016. The increase in SG&A was primarily due to the planned expenses in sales and marketing efforts. For the six-month period ended 30 September, 2016, the SG&A increased by 24.8% as compared to the previous corresponding period—previous corresponding year.

Fiscal 2017 second quarter saw product R&D expenditures, which were higher by 6.9% as compared to the similar period of the previous year and were at 14.6% of fiscal 2017 second quarter revenue as compared to 15% during the same period of fiscal 2016. During the quarter, the R&D programs focused on executing our strong product roadmap in both the P&C and L&A business suites. It is important to note that the Company has a policy of expensing all the R&D costs through the P&L account. For the six-month period ended 30 September, 2016, the product R&D expenses were higher by 22.6% as compared to similar period last year.

The Adjusted EBITDA for the second quarter ended 30 September, 2016, was $1.7 million or 5.5% of revenue as compared to $0.1 million or 0.2% of revenue during the quarter ended September 30, 2015. Adjusted EBITDA for the six-month period ended 30 September, 2016, was also higher at $2.7 million or 4.3% of revenue as compared to $1.3 million, which is 2.5% of revenues during the six-month period ended 30 September, 2015.

We are happy to report a positive net income. The net income for the second quarter ended 30 September, 2016, was $0.3 million or $0.01 per share as compared to a net loss of $1 million or $0.03 per share for the same period last fiscal. Net loss for the six-month period ended 30 September, 2016, was $0.3 million or $0.01 per share as compared to a net loss of $0.9 million or negative $0.03 per share for the corresponding six-month period ended 30 September, 2015.

From a geographic standpoint, North America, the UK and the APAC region represented 89.1%, 7.5% and 3.4% respectively, of the second quarter total revenue, as compared to 88.9%, 7.5% and 3.6% respectively for the same period in the last fiscal. For the six-month period ended 30, September, 2016, the North America, UK and APAC represented 89.2%, 7.4% and 3.4% of the total revenue.

The P&C business represented 81% of the revenue. Life and Annuity represented 17.6% and the non-insurance is now reduced to 1.4% in the second quarter fiscal 2017 revenue, as compared to 79%, 18% and 3% respectively in the corresponding period last year. On a contractual basis, in the quarter two, fiscal 2017, license revenue constituted 4.5%, the cloud revenue grew pretty well at 20.6%. The maintenance and support was at 14.7%, and the balanced professional services and consulting services was at 60.2% as compared to 5.3%, 14.6%, 15.9% and 64.2% in the corresponding quarter two of last year. For the six-month period the numbers stood at 3.2%, 21.8%, 15.3% and 59.7%.

In terms of client concentration, the top customer in this year's second quarter represented 8.4% of revenue, while the top five constituted 28.6% and the top 10 customers constituted 42.5% of the second quarter fiscal 2017, as compared to 9.9%, 28.1% and 43.5% over the same period in the last fiscal 2016.

The order backlog, which is signed and executable in the next 12 months, ended at $65.1 million as of September 30, 2016, marginally higher as compared to $63.4 million as of June 30, 2016. The corresponding figure in the last year's second quarter was $54.1 million. The order book, which is the trailing 1- month order book, was at $173.9 million as of September 30, 2016, which is significantly higher as compared to $152.8 million as at June 30, 2016.

Quickly turning on to the balance sheet; Majesco had a cash and cash equivalent of $13.3 million as at September, 2016, as compared to $5.9 million as at September, 2015—September 30, 2015, and $14.9 million as at June 30, 2016.

Total debt as at September 30, 2016, was $17 million compared to $9.7 million as at September 30, 2015, and $17.7 million as at the end of previous quarter of June 30, 2016. The DSOs were marginally higher at 73 days at the end of September 30, 2016, as compared to 67 days in the previous quarter ended June 30, 2016. The employee headcount stood at 2,240 at the end of September 2016, as compared to 2,367 at the end of June 2016.

Before we open the call for questions, I'd like to give you an update on our previously announced Qualified Institutional Placement, or QIP, that our parent Company in India, Majesco Limited, was pursuing. As you may be aware, in early October, Majesco decided not to pursue the proposed QIP offering, as a result of the adverse market conditions in the Indian capital market. The Company is comfortable with its current capital structure and does not need to raise funds for its normal operational requirements.

Acquisitions remain an important part of our growth strategy and we have developed a strong track record of identifying, structuring and integrating the acquisitions. Both Cover-All and Agile Technologies have integrated well and have benefited from Majesco's larger scale, diverse product offerings and enhanced capabilities. We are very diligent in our analysis of potential acquisitions and want to be absolutely sure of any acquisition that fits within the Majesco strategy and corporate culture. While we are actively pursuing acquisitions, at this point in time we do not have any specific update on any potential announcement in the near future.

However, it is important for Majesco to have access to capital markets in order to provide the Company with financial flexibility, to raise capital as needed to fund potential acquisitions that we are actively pursuing. With that, Ketan and I would like to open the call for questions. Thank you.

Operator:

If you would like to ask a question today please do so by pressing the star key, followed by the digit one on your touchtone telephone. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again that is star, one on your touchtone telephone. We will first go to Brian Kinstlinger from Maxim Group.

Josh Seidei:

Hi, this is actually Josh Seide, in for Brian. Thanks for taking the questions. Can you elaborate a bit on the partnership that was announced with IBM earlier in the quarter and specifically on how that partnership might drive cloud adoption among Tier-1 carriers?

Ketan Mehta:

Yes. Thanks Josh, and the IBM partnership is primarily a part of the newly announced initiative on industry platform, where IBM is selecting vertical platforms on different industries, and really putting, combining those with their key strategic focus areas of cloud and Watson cognitive capabilities. So, they have selected Majesco's P&C platform to really focus on the insurance market to build out and offer an on-cloud, on-demand solutions to the insurance carriers where the core solutions are integrated with the Watson's cognitive capabilities and offer that on IBM Cloud, which carriers can use on demand.

As we speak, we are working on integrating Majesco's core solutions to build—to combine with Watson's cognitive capabilities to offer pretty unique capabilities to insurers, leveraging Watson's cognitive artificial intelligence and cognitive capabilities. So, we are very excited about the opportunity, the impact it can make to our client and this will be applicable across all tiers of the insurance carriers.

Josh Seidei:

That's helpful, thank you. I may have missed it on the call, but did you mention how many cloud wins there were during the quarter?

Ketan Mehta:

We have a total of four wins during the quarter and one of them was a cloud win.

Farid Kazani:

No, three.

Ketan Mehta:

Three of them were the cloud win, out of the four.

Josh Seidei:

Three were cloud?

Ketan Mehta:

Yes.

Josh Seidei:

Okay, cool. Then, can you just highlight maybe key investments that you're making to kind of accelerate or drive growth. You mentioned that the sales effort may be one key area where there is going to be further investment. Are there any other investments we should be mindful of?

Ketan Mehta:

So, I think, in addition to enhancing our sales footprint we are also investing in continuously enhancing our investment in our product R&D, both on the P&C market as well as on group market. Our initial investment focus is primarily on building some integration to the third party to creating more ready to use content, so that they can provide speed to value to our clients and also building the connections to the data and digital capabilities, which are very important for clients.

On the Life and Annuity side we are investing both to build our capabilities on the group market where we see significant growth opportunities, as well as the individual life areas.

Josh Seidei:

That's helpful. Thank you.

Ketan Mehta:

Thank you.

Operator

As a reminder that's star, one to ask a question. We will now go to Mike Rindos from Aegis Capital.

Michael Rindos:

Hey guys, thanks for taking the question.

Ketan Mehta:

Hi, Michael.

Michael Rindos:

Just regarding the IBM partnership, is there any exclusivity tied to that?

Ketan Mehta:

No, there is no exclusivity for the partnership, but both the teams are making significant investment to integrate our platforms and capabilities, to put in a skin in the game, but contractually there is no exclusivity in the partnership.

Michael Rindos:

As far as your relationship with IBM, and in the competitive landscape, how far out in front, if at all, are you, compared to your competitors?

Ketan Mehta:

If you look at it in terms of the capabilities which Watson has a potential to offer, it is way ahead of similar cognitive solutions which are available in the market. As you know, IBM has invested millions of dollars in building the Watson capabilities. As we look at how that can benefit to the insurance carriers, we are finding number of different use cases of benefits to the clients. We believe that it is way ahead than any other solutions out in the market today on the areas of analytics and cognitive capabilities.

Michael Rindos:

Okay, that's great. Can you talk about scheduled deployments for the remainder of the fiscal year and the pace of those deployments?

Ketan Mehta:

Sorry, Michael, can you just repeat the question?

Michael Rindos:

Can you talk about deployment schedule for the remainder of the year and how that pace measures up relative to last year?

Ketan Mehta:

What do you mean, deployment schedule? Can you just elaborate?

Michael Rindos:

As far as new customers taking on product, so we can get a feel for the revenue growth.

Ketan Mehta:

So, in terms of the implementation and deployment, it is going as on track, as we expected, on any of the transformation initiatives. The only point I would like to mention is that we are experiencing that as we deploy more and more cloud-based insurance customers, the initial lift in revenue is lower than what would happen in the on-premise situation. But, however, we have some of the cloud customers which have been on our platform for last year or so, we are already seeing the lift on the revenue taking place there. But the newer cloud clients take longer to ramp up in terms of the revenue. But what we get is a long-term sticky and a high margin revenue base on this.

Michael Rindos:

Okay. Relating to your conference in Atlanta, a month or so back, can you elaborate on what feedback you may have picked up from some of your clients?

Ketan Mehta:

Actually, we had a very, very positive interaction with our clients. They were excited about the investments we are making in the platform. They specifically appreciated the IBM announcement as well as some of the third-party insurtech companies' integrations, which we included in our broader ecosystem which brings in very innovative capabilities to the market. The clients like the fact that we are taking a lead on the insurtech movement. We are one of the key sponsors to the Silicon Valley insurer accelerator as well as global insurer accelerator organization. As a result, we have an access to some of the leading edge innovative capabilities being developed by some of the startups. Clients really like the fact that our platform is not only going to meet their needs for today but it will be bringing all the innovation capabilities they need for future.

Michael Rindos:

All right, great. Lastly, can you just comment at all on the pace of revenue growth for this year into next year? If you would care to give any sort of guidance on EBITDA, margin expansion, EPS, that would be appreciated.

Farid Kazani:

So, Michael, you are aware, we don't give any future guidance, okay? But I think just to kind of give you a kind of an overall picture, we are looking at growth in revenue based on how we see the pipeline building up, okay? It all depends upon how we close some of the deals that are there in the pipeline. Secondly, our focus is definitely there, much stronger in terms of improving profitability going forward. So, we would look at—various means to look at overall improving the profitability, and as revenue growth you would see leverage coming out of the SG&A and the product development expenditure.

Michael Rindos:

Okay, great. Thanks for your time.

Ketan Mehta:

Thanks a lot.

Operator

As a final reminder that is star, one on your touchtone telephone. We will go to Ankur Sajjar from Devi Capital.

Ankur Sajjar:

Hi, good afternoon. Thank you for taking my questions. The first question I wanted to ask was regarding the gross margin; it increased nicely this quarter. Can you quantify as to what percentage of that increase was due to the operational efficiencies, and what was due to the higher license revenue that you had this quarter, or rather actually put differently, what sort of gross margin should we expect, or should you expect going forward on the quarterly results?

Farid Kazani:

So, if I just quickly give you a comparison of the gross margin that increased as compared to the previous quarter, June. It increased by 450 basis points. If you look at what has typically happened, the cost structure has seen good shift, okay. So, we've seen an appreciable reduction in the overall cost structure and that has come around two or three levers that has helped us. One is the cost that we were paying for the outsourced vendor, which was during the Cover-All implementation, that has gone down significantly. As we mentioned in our previous calls we were looking to get those resources in-house and a good part of that got completed in, by the end of last quarter, and we've seen the—a significant benefit of that impacting in this quarter. In fact, on that particular area itself we got a benefit of almost around 1.8% on the cost.

Secondly, the overall headcount reduction, in terms of where we've been able to kind of manage projects with much lesser headcount, so we've seen headcount going down from the previous quarter. So, that itself has given us another close to 1.5% in terms of our margin improvement. Then there were other areas where we were, we had impacts in certain projects that were at a lower margin. So, based on certain improvements in our operations and a better efficiency and productivity in those projects, gave us little over 1% in those areas.

Then there are other expenses and a lower kind of cost, which also helped us in the improvement of the cost base. Further, the license revenue was higher in this quarter, that was around 4% as compared to a much lower percentage in the last quarter. So, that gives us a better margin and that helped us in an overall improvement.

So, I think these four, five levers have helped us to improve margins significantly in this quarter. While some of these, which are the couple of points, which I mentioned on the resources that were built in-house and an overall reduction in headcount are sustainable, therefore we will continue see the impact of those positive improvements in the margins in the next quarter. Yes, but as we see revenue buildup, we should see margins in the range of around 48% to 49% going forward.

Ankur Sajjar:

I see. Is there a difference between the cloud revenues—the gross margin on the cloud revenue and the traditional license deal, and if it is, what sort of is the gross margin for those cloud deals?

Farid Kazani:

We don't give the breakup, especially for competitive reasons but yes, what I can say is that on a longer-term basis, the cloud margins are much better as compared to the on-premise.

Ankur Sajjar:

I see. It appears, I mean it's—I mean—that's where pretty much industry is going and that's where you are heading, I mean, in this quarter. I mean, the IP revenue, if you look at all together, you said 25% of that is almost cloud deals or cloud revenue.

Farid Kazani:

Yes.

Ankur Sajjar:

Would you be able to provide, at some point, to all the Investor community as to what the ACV value, or at least be able to quantify the quarterly result in terms of the ACV values that you sign?

Farid Kazani:

We do…

Ankur Sajjar:

It appears that it would be a better metric, I mean, and most of your competition is doing that.

Farid Kazani:

Yes, I know that. But unless we—when we make any announcements of deals that we then take customer approval, both in terms of the name of the customer that we disclose and in terms of whether we can disclose it in the value, in most cases, we don't get an approval to disclose the value for that matter. One of the important metrics that we started sharing since last quarter was the total order book that we are booking on a 12-month basis. So, if you look at the trailing 12-month number, that has gone up from $153 million to $174 million, so that—that could be an indicator for you to see what's the additional ACV that we are adding.

Ketan Mehta:

See one of the challenges on calculating ACV on a cloud deal is coming from the fact that, as you know, the cloud fees are based on some percentage of the premium they are processing on our platform.

Ankur Sajjar:

Correct.

Ketan Mehta:

That sort of changes from time to time. There is—sometimes the clients move faster than their plan and sometimes they take on additional states and additional products quicker and sometimes they take longer. Our cloud contract—sorry, the revenue is tied up to how fast they put the business on our platform. It's hard to predict the ACV in that situation.

Ankur Sajjar:

I see. I see. So, one more question for you, Ketan; Majesco has gone through quite a transformation in the last one year. I mean, you've acquired two companies. You got listed on, through Cover-All, on NYSE market. If you look at the stock or equity itself, it trades at a pretty decent discount as compared to other public entities in the same business, your competition. Two, I mean, it's—how do you basically—do you think that being just listed on the NYSE market, being a new Company, small Company, you still have, let's say, lesser eyeballs from the Investor community, not much, not much institutional Investors know about it, the Company or the story yet. So, how do you go across now to basically cover that, cover the difference and basically get the story out to the Investor community more and more?

Ketan Mehta:

So, you are right in terms of how we got listed was not through a normal listing, or an IPO process, okay, and we ended up with the reverse merger of Cover-All, which was obviously a smaller company listed on the NYSE. We do believe that listing has given us a certain advantage, both in terms of visibility, marketability and using stock as a currency for our growth plans.

At this point in time we know that there is very little float and there is very minimal trade that happens and therefore you're right in making assessment of the value of the Company where it stands today. I think our focus is going to be in terms of fundamentally driving the business growth and improving our top line and bottom line, okay. We do reach out and we are working to, with an IR firm, to reach out to Investors across the board.

Just for your information, since we are also listed in India, it's not that we are not recognized by large institutions across the board. There are large institutional shareholders also in our parent Company in India. There are very many interested Investors who would like to look at Majesco, but clearly speaking at this point in time we can't do anything about the float in the market, and the way it's being traded. I think it will definitely—we believe it will definitely reflect the right value as we improve the business fundamentals and improve our top line and bottom line.

Ankur Sajjar:

Okay. One last question; you mentioned about the fact, to use the stock as a currency, which is great, obviously not at the multiple it trades at now. So, how do you—how are you going to fund the acquisitions going forward. I mean, I think you had plans to do an offering in India, but you can't though, due to the capital markets' condition over there. So, how are you going to fund those acquisitions or the deal pipeline that you have?

Ketan Mehta:

So, it all depends upon the type of acquisition and the kind of offer that we give to the seller, okay. So, ideally speaking it's—at the current value where our stock stands to use stock as a currency is obviously highly dilutive, okay. I think even raising any money at this particular value is going to be dilutive. So, for us, I think if we can do an acquisition which is a decent size, not burdening too much on our balance sheet, I think we would like to do it with some debt that we can take, okay, but depending upon the size of acquisition, we could be open to looking at some equity raise also at the right valuation, as things shape up in the future.

Ankur Sajjar:

Okay. All right. Thank you very much.

Ketan Mehta:

Thank you.

Operator

That is all the questions that we have today. I'll turn the conference back over to Management for any additional or closing remarks.

Ketan Mehta:

Thank you. Thank you, everyone, for the call and the interest in Majesco. We will see you next quarter.

Farid Kazani:

Thank you very much.

Operator

This concludes today's presentation. Thank you for your participation.