

**Transcript: Post Q1 FY2009 results conference call, Mastek Ltd**  
**13th October 2008, 5 PM IST**

*Presentation Session*

---

**Moderator:**

Good evening ladies and gentlemen. I am Gopal, moderator for this conference. Welcome to the post results conference call of Mastek Limited. We have with us today the Mastek management team. At this moment all participants are in listen only mode. Later, we will conduct a question and answer session, at that time if you have a question, please press \* and 1 on your telephone key pad. Please note this conference is recorded. I would now like to hand over the conference to Mr. Abhinandan Singh of Mastek Limited. Please go ahead Mr. Singh.

**Abhinandan Singh:**

Thank you and welcome everyone to our post results conference call. This as you know is after our first quarter of the financial year, because our financial year starts July 1 every year. Present along with me today at this call are Mr. Sudhakar Ram, who is our Chairman and Managing Director, Mr. Joe Venkataraman, who heads our UK operations, Mr. R. Desikan, our Group CFO & Finance Director, and Mr. Jamshed Jussawalla, our CFO. We will begin today's call with brief opening remarks by Mr. Sudhakar Ram and after that the floor will be open for questions and answers. After the call ends, within a couple of hours we should have the audio replay of the call also available for you at the access numbers mentioned in the conference call invitation that was sent to you earlier. The transcript of the call should also become available in a few days, which you can access at our website mastek.com. Now I would like to request Mr. Sudhakar Ram, our Chairman & Managing Director to initiate this call with his remarks. Over to Mr. Ram.

**Sudhakar Ram:**

Thank you Abhinandan and welcome to all the participants of this call. The last quarter July to September, which is our Q1, has gone reasonably as per expectations. We closed the quarter at just under 262 crore in terms of revenue and 41 crore in terms of profit after tax. Our EBITDA margin for the quarter improved from the whole of last year to about 18.2%, although on a sequential basis it did drop as we had anticipated, because of salary increases in Q1. We also had some exchange impact of the pound depreciating and mark-to-market on dollar for this quarter. Overall, I think in terms of both the pipeline and in terms of order book, things have gone pretty well for the quarter and we seem to be well set for the year. Now,

in terms of our own guidance for next quarter, it is a bit muted. We are looking at 265 to 270 crore in terms of revenue (total income) and 43 to 44 crore in terms of profit, but we do expect based on the Core Elixir deliveries as well as the orders in the pipeline, that the next two quarters will step up. For the year as a whole, in the beginning we had indicated a target of 300 million dollars assuming that stating the revenue target in dollar terms would give us some level of shield against the rupee-dollar equation. However, during the quarter we had an unexpected depreciation of the pound sterling against the dollar, almost to the extent of 15%-16%. To that extent I feel today that with the pound representing about 60% of our revenues, presenting our annual target in dollar terms may not be really meaningful or representative of the company perfectly. So we have decided to switch it back to rupees and we have looked at a 32% to 34% growth in rupee terms for the whole year. Now, on like-to-like basis, this represents a 5% cut in terms of the annual guidance. So if the currency situation was exactly the same as on 1<sup>st</sup> July, what this would translate to would be 285 million dollars instead of 300 million dollars. So there is a 5% cut and this has largely been on the advice of the Board in terms of the financial situation and the economic slowdown across the globe. We have cut down the thing that we expect out of new orders booking. So, by and large, the current guidance that we have in terms of a 32% to 34% growth is based on the existing accounts and orders in the pipeline, which have a high level of visibility. So we do feel fairly confident about meeting this kind of a growth estimate through the year. So, with that let me just hand over back for questions.

---

#### *Question and Answer Session*

---

#### **Moderator:**

Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press \* and 1 on your telephone key pad and wait for your turn to ask the question. If your question has been answered before your turn, and you wish to withdraw your request, you may do so by pressing # key. We also request participants to ask one question in the initial round.

First question comes from Rishi Maheswari of Centrum Broking.

#### **Rishi Maheswari:**

Congratulations, very impressive set of numbers. I was a little concerned about the growth guidance that you still maintained despite converting in the rupee terms. I still want to know that given your expectation of achieving 32 to 34% growth, are we looking at an extremely, extremely

bullish second half and where does this really reflect from? In my estimates, even if we deliver at the higher end of the next quarter guidance, which by your own admission was a little muted, we still will have to deliver more than 15% CQGR, the compounded quarterly growth rate for the next two quarters that is in the next half. So, if you could throw some more color, whether insurance, Elixir, or something else which will reflect in the second half?

**Sudhakar Ram:**

The revenue estimate for the second half of the year, the growth, is largely premised upon Elixir deliveries. As you are aware, Elixir deliveries to Capita have followup revenues in terms of additional customers that Capita already has in hand, only to be taken on and converted to the Elixir platform. So, it was planned anyway at the beginning of the year in the same way that the second half would be more modules of Elixir gets delivered and there is a critical mass, which can get installed at the customer's site. So, by and large, the growth in the next half is premised on Elixir deliveries happening on time. Joe, would you like to add here?

**Joe Venkataraman:**

Yes, the other important thing is that the NHS ramp down is not as per our earlier anticipation, the ramp down is much slower. And we have added large SIs in the last few quarters and we are expecting some revenue ramp up from them as well. So those we are expecting in the second half of the current financial year.

**Rishi Maheswari:**

So, just to followup on this, we had four modules of SOA-based Elixir, of Core Elixir, to be launched in FY09; now, under what state of readiness is this in right now, and what exactly is the launch period for each of these?

**Sudhakar Ram:**

See, there are two aspects to this; one is the launch to the market, where in Q1 as anticipated we had the Elixir distribution management system, which was launched in the end of September-early October. And we are expecting a set of modules to be launched every quarter. And that actually does not impact the Capita business as much; it impacts the ability to go to market with new modules. The second part is what we have committed to deliver to Capita – there are a set of release schedules there and based on what we deliver, they have their readiness to go take on new business from their existing customers. So, in terms of revenue ramp for this year, by and large it will happen out of the Capita take on, rather than these modules. These modules will give us the ability to go to market and start winning accounts, which will have more of an impact on the next financial year. But as of now, we are on track and in the first quarter we did release

the first module as planned, the next three quarters we are pretty much on track.

**Rishi Maheswari:** So, if my understanding is correct, Capita is not implementing the Core Elixir, they are implementing the earlier versions of Elixir, am I right?

**Sudhakar Ram:** No, they are implementing Core Elixir, but the Capita version has its own schedules.

**Rishi Maheswari:** Okay, thanks. I will come for the followup.

**Moderator:** Next question comes from Mr. Neerav Dalal of Avendus Capital.

**Neerav Dalal:** Good set of numbers, sir. I wanted to understand your fixed price contracts this quarter, they dipped to 45% as the percentage of total contracts from 50% in the previous quarter. So, what has led to this decline in this proportion?

**Sudhakar Ram:** Quarter-to-quarter there will be variations in terms of project completion as well as maintenance kicking in. For instance, this quarter I think the BT maintenance may have taken a larger share than the fixed price that we have done. So, I would see that more like a quarterly variation, nothing very significant from overall strategy perspective.

**Neerav Dalal:** Okay, so this proportion could witness an uptake in the forthcoming quarters?

**Sudhakar Ram:** Quite possibly, yes.

**Neerav Dalal:** And one more thing, can you throw some light on the new deals, the new client ones that you all have had in this quarter; all the three have been in the insurance vertical?

**Sudhakar Ram:** That's correct.

**Neerav Dalal:** So can you throw some light on what type of accounts are these, what is the price, whether they are fixed price, or T&M, or some other details?

**Sudhakar Ram:** All three would be actually more of fixed price, they are in insurance, and they are mid-to-large sized insurance companies.

**Neerav Dalal:** Okay, and some light on the account size?

**Sudhakar Ram:** That's what I said; they are mid-to-large sized, so it will be between tier 3 and tier 2 in terms of account size.

- Neerav Dalal:** On the mark-to-market loss, can you tell me as to what was the split of the exchange loss to mark-to-market, and translational gains?
- Jamshed Jussawalla:** Basically we had around Rs 360 lakh of exchange loss, and of this mark-to-market was 70 lakh.
- Neerav Dalal:** Okay, so the remaining...
- Jamshed Jussawalla:** The remaining was a combination of the covers which we had taken earlier and the loss suffered on that as well as translation losses.
- Neerav Dalal:** Okay fine. Thank you.
- Moderator:** Next question comes from Mr. Sujit Joshi of Irevna.
- Sujit Joshi:** Hello, good evening gentlemen. My question is basically on the realized exchange rate that you had this quarter. Could you just give us that number please? What would be your realized exchange rate in terms of US dollar and Indian rupees for this quarter, the 1Q that you just had?
- Jamshed Jussawalla:** No, totally we had Rs 3.6 crore of exchange loss; we really didn't have any exchange gain...
- Sujit Joshi:** I am talking about the exchange rate, what would be the rate...
- Jamshed Jussawalla:** The average exchange rate?
- Sujit Joshi:** Yes.
- Jamshed Jussawalla:** The average exchange rate for the last quarter was 44.5 for dollar-rupees and 82.5 for pound-rupees.
- Sujit Joshi:** Okay. And what would be the quantum of salary hike that you gave this previous quarter?
- Jamshed Jussawalla:** The impact was around five crore; both onsite as well as offshore put together.
- Sujit Joshi:** Okay, so in terms of percentage could you be able to quantify that, I mean, how much was...
- Jamshed Jussawalla:** Basically it was 12% offshore and 4% to 4½ % onsite.
- Sujit Joshi:** Okay, that's it from my side. Thank you very much.
- Moderator:** Next question comes from Mr. Anurag Purohit of Religare Securities.

- Anurag Purohit:** Good evening gentlemen and thanks for taking my question. Sir, if I understood it correct, you have decreased your guidance by 5%; if you could segregate between the impact of dollars appreciation and the demand related revisions please?
- Sudhakar Ram:** This 5% is purely demand generated Anurag, because if you just compute in dollar terms, the 300 million will translate to much lower purely because of pound-dollar equation. So what has happened in this quarter, and I don't know how it will be going forward, as pound has lost almost 15% against the dollar, while against the rupee, this has been much lower. In fact it will be a couple of percent if I remember right, so expressing things in dollar terms proved to be tricky for us. But if I just take like-to-like on a business quantum perspective, we expect a 5% reduction from 300 million.
- Anurag Purohit:** Is it particularly related to single vertical or it's across the...
- Sudhakar Ram:** Internally we still feel that we can meet the target, but given the overall economic scenario, we felt it was more prudent to cut down the guidance.
- Anurag Purohit:** Okay. And also your offshore utilization has dipped quite a bit in the quarter, any particular reason for that?
- Jamshed Jussawalla:** Yeah, every year we take trainees, so this year also we took a lot of trainees, that's why the utilization has dropped. If you see same quarter last year, the offshore utilization was around 72%. And this year it is 75%.
- Anurag Purohit:** Okay, fair enough. I will come back for questions later on. Thank you.
- Moderator:** Next question comes from Mr. Ruchit Mehta of HSBC.
- Ruchit Mehta:** Good afternoon and congratulations on the results. Just got a couple of queries, in terms of your guidance for the second quarter, what are we assuming in terms of EBITDA margins and what are your assumptions in terms of tax rate as well, because is there an assumption that there could be some write back again in the second quarter as well?
- Jamshed Jussawalla:** See, basically we are not having any more tax write-backs. Whatever we had assumed, the Rs 5 crore tax refund, has happened in the first quarter. Still, in the second quarter yes, there would be some increase in EBITDA margin.

- Ruchit Mehta:** Okay, so in terms of the second quarter there is no tax write backs.
- Jamshed Jussawalla:** No, there would not be any tax write backs.
- Ruchit Mehta:** So effectively we are assuming there is lower tax, because even if I just strip off the 4.76 crores of tax write back that you had, your tax to PBT ratio actually is lower than what we had seen last year. So what sort of tax rate are you assuming, about 12%, 13%?
- Jamshed Jussawalla:** Yes, on normalized basis it would be around 12% to 13%.
- Ruchit Mehta:** And secondly we have not done any capex in this quarter, so what is the full year capex expectations?
- Jamshed Jussawalla:** No, in this quarter we have done a capex of around 6½ crore and I think going forward we should end the year at around same levels, of around 35 to 40 crore.
- Ruchit Mehta:** Okay. Thank you so much.
- Moderator:** Next question comes from Mr. Neerav Dalal of Capital Market.
- Neerav Dalal:** Good evening sir. I wanted an update on the EBITDA margins for FY09. Last conference call you had said 19%-to-19.5%; is there any change in that?
- Sudhakar Ram:** I think we should be able to maintain 19 to 19½% for the year as a whole.
- Neerav Dalal:** Okay. So you would not be impacted by any further rupee movement or...
- Sudhakar Ram:** Obviously it's based on our current review on the rupee and on the pound. But in terms of basic operations, we should be able to deliver 19 to 19.5 per cent.
- Moderator:** Next question comes from Mr. Ashakiran of Span Capital.
- Asha Kiran:** Can you give me the breakup of NHS and Thales and STG, please?
- Sudhakar Ram:** No, we don't share the breakup.
- Asha Kiran:** Just give in percentage terms. In NHS you are saying that it has ramped down...
- Sudhakar Ram:** For NHS, what we have indicated is that there was a 33 million dollar project, which was expected to come down in

one year. Now it will come down over two years. I think that's what we have shared. Beyond that, we don't share actual revenues or break-ups.

**Moderator:** Next question comes from Mr. Gaurav Jain of Baroc Capital

**Gaurav Jain:** If the pound were to depreciate against the rupee, then how would your margin and revenue outlooks change - like for every 1% depreciation in the pound what will happen?

**Sudhakar Ram:** 60% of our revenues come from pound. If there is depreciation against the rupee, then there would be a significant impact.

**Gaurav Jain:** Okay and there is no hedging that you do on pound-rupee?

**Jamshed Jussawalla:** No, on pound, it is at the end of the month; we don't take blanket cover for pound.

**Gaurav Jain:** Okay. Any impact will go straight to the P&L.

**Jamshed Jussawalla:** Yes, to the extent offshore work is there. So it will impact only offshore margins.

**Gaurav Jain:** Okay, thank you.

**Moderator:** Next question comes from Ms. Hiral Sanghvi of Dalal and Broacha.

**Hiral Sanghvi:** Congrats on the good set of numbers. My question was what was our revenue growth in constant currency terms in the current quarter?

**Sudhakar Ram:** I think it was pretty flat during the quarter, as expected.

**Hiral Sanghvi:** Alright. And why was the depreciation a bit lower in the current quarter?

**Jamshed Jussawalla:** Basically we depreciate our hardware over a period of two years, so as and when the new centers are put into operation and in those quarters the depreciation is high and after that it tapers down.

**Hiral Sanghvi:** Okay, fine sir; I am through with my questions. Thank you.

**Moderator:** Ladies and gentlemen, to ask a question please press \* and 1 on your telephone keypad. Next question comes from Mr. Ruchir Desai of Pioneer Investments.

- Ruchir Desai:** Hi, good evening, congrats on the numbers, just a couple of questions. One is with regard to the contribution of STG in dollar terms this quarter and also regarding your Q2 guidance, the sales door is pretty flat, but you are guiding towards higher profit after tax growth, so just wondering whether any tax write backs or one time write offs next quarter is expected?
- Sudhakar Ram:** No, there are no tax write backs this quarter; it will be purely based on execution and better productivity in the quarter that we are guiding a better profit after tax. As far as STG goes, I think, for the year we do expect STG to grow at the same rate as the company. You know the base, so there would be similar growth on STG.
- Ruchir Desai:** Sure, just coming back to the outlook, your application development revenues have been pretty flat this quarter, so I was just wondering if the current economic environment in Europe and also in North America is having an impact on those revenues?
- Sudhakar Ram:** Not really, I think this is more of a quarterly aberration than any thing long term.
- Ruchir Desai:** Okay, and regarding the environment again, are you facing pressure in any vertical, are you seeing some kind of pressure amongst your clients in any specific vertical, besides obviously financial service is one area, but any thing in your pipeline, which is facing some pressure?
- Sudhakar Ram:** See, as of now we don't see the pressure in the pipeline, but given the overall economic scenario, some of the new orders may get postponed, which is why we cut our annual target by 5% to take care of such a contingency. If any of the new orders that we have planned to start executing in this year's third and fourth quarters, get delayed then it could have an impact, which is why we have taken a more conservative view right now.
- Ruchir Desai:** All right, great, thanks. I will come back later if I have any followup, thank you.
- Moderator:** Next is a followup question by Mr. Sujit Joshi of Irevna.
- Sujit Joshi:** If I look at your P&L, in other expenses part, could you just tell me how much of it is the forex related losses in, if I understand right, that's where you have put them, so...
- Jamshed Jussawalla:** Foreign exchange loss for the quarter is 3.56 crore.
- Sujit Joshi:** So, that actually is there in the other expenses part?

- Jamshed Jussawalla:** Yes please.
- Sujit Joshi:** I couldn't just get the sense on your guidance, you mentioned it being 285 million dollars on the restated guidance basis, so could you just tell me how did you get that number?
- Sudhakar Ram:** No, no. Based on whatever were the exchange rates at the beginning of the current year, we had stated 300 million in July. We have taken a 5% cut on that, on possible delays in new orders. So, it is not any re-calculation. Then you have pound-dollar exchange rate impact.
- Sujit Joshi:** To continue from the previous question, apart from forex movements what other scenarios have you envisaged, which may push your growth slightly back or probably not be such a favorable scenario for you in FY09?
- Sudhakar Ram:** We are not able to project currency, so we have taken current currency rates and we have looked at any possible delays in new orders. So whatever is visible based on current pipeline and current customers, we have taken into account and we have assumed some delays in new orders, which is why we took a 5% cut.
- Sujit Joshi:** Okay sir, are you already seeing any delay in sales cycles on fresh order books?
- Sudhakar Ram:** No, so far we have not, but general expectation given the economic scenario is that there could be delays, so we are just factoring that in.
- Sujit Joshi:** Okay, great, thanks a lot.
- Moderator:** Next is a followup question by Mr. Ruchit Mehta of HSBC.
- Ruchit Mehta:** Yes sir, I actually missed out on the figure for the constant currency growth, if you could just repeat that please?
- Sudhakar Ram:** Constant currency growth for this quarter was flat.
- Ruchit Mehta:** Okay, essentially it is in terms of millions of dollars?
- Sudhakar Ram:** Or in rupees, because you are assuming constant currency.
- Ruchit Mehta:** Okay, great, thanks.

- Moderator:** Ladies and gentlemen, to ask a question please press \* and 1 on your telephone keypads. Next question comes from Mr. Prasad Deshmukh of DSP Merrill Lynch.
- Prasad Deshmukh:** Hi, good evening, my question is on the restated guidance in rupee terms that you have given. This 32% to 34% of total income growth is it based on today's quarter ending currency rates or there is some other...
- Sudhakar Ram:** That's correct. Present currency rate.
- Prasad Deshmukh:** Just in case there is some rupee appreciation we may see some downward revision there?
- Sudhakar Ram:** That's right.
- Prasad Deshmukh:** Okay and similarly for the next quarter also it is based on the current currency rates, I mean the quarter ended currency rates?
- Sudhakar Ram:** That's correct.
- Prasad Deshmukh:** Okay, thanks a lot.
- Moderator:** Next question comes from Mr. Kunal Sangoi of Edelweiss.
- Kunal Sangoi:** My question is with regards to the current order book, 505 crores, how much of that is executable by June 2009?
- Sudhakar Ram:** See, this is the next 12-month order book, so you can roughly assume 3/4<sup>th</sup> of that is executable by June 2009.
- Kunal Sangoi:** Okay and does that include any Elixir related delivery that you mentioned earlier with regards to Capita, or that would be the new order?
- Sudhakar Ram:** See, it is two parts, one is the Capita license deal which we renegotiated in the beginning of this calendar year, so that is obviously included in this. But there is also another part, which is, since Capita is using this as a platform for all their customers, they already have customer orders in hand, but as they migrate those to Elixir we will get additional orders and those are linked to Elixir deliveries, like I had explained.
- Kunal Sangoi:** Right, okay, so those would be new apart from the existing orders in hand, right?
- Sudhakar Ram:** Correct. They will be new, but already visible, because Capita has already got those orders.

- Kunal Sangoi:** Okay, then what is the visibility of the guidance in terms of the balance? Even if I take the confirmed order book in hand executable till June 2009-end plus some new order win there is substantial portion which is expected to be won during the year in Q2, Q3, and Q4. So what kind of visibility in terms of new deals is there apart from the confirmed orders is there at present?
- Sudhakar Ram:** See, what we have guided is based on that visibility only. You would be aware we have been sharing some data, which shows in our kind of a business the order backlog at any point represents between 35% and 40% of the next 12 months actual revenue, so if you look at our 505 crores and use the same 35% to 40%, you will see a similar visibility. This is based on we have observed by looking at our data over the last three or four years.
- Kunal Sangoi:** Sure, alright, thanks.
- Moderator:** Next is a follow up question by Mr. Anurag Purohit of Religare Securities.
- Anurag Purohit:** Sir, a couple of balance sheet related questions and business related, the BPO business has consistently seen a decline in the last three to four quarters, any particular reason and what should you expect in the future?
- Sudhakar Ram:** BPO is a very small part of ours and you can expect it to completely wind down over the next year, year-and-half.
- Anurag Purohit:** Also the number of debtor days has gone down significantly in the quarter, any particular reason for this?
- Jamshed Jussawalla:** Last quarter some collections had slipped into the first week of July, which happened, so that is why overall the debtor days have gone down.
- Anurag Purohit:** Okay and how much of hedging outstanding position would be at this point in time?
- Jamshed Jussawalla:** Yeah, basically we have around 16½ million dollars hedged.
- Anurag Purohit:** Okay and that would be at an average rate of?
- Sudhakar Ram:** 43.7.
- Anurag Purohit:** Fine, thank you and all the best.

- Moderator:** Next is a follow up question by Mr. Rishi Maheshwari of Centrum Broking.
- Rishi Maheshwari:** Hi, I also wanted to understand what will be the contribution from Elixir by the end of FY09 within your estimated growth target?
- Sudhakar Ram:** Difficult to estimate, but overall I think the insurance business should do better than 30% this year. Last year it was about 26%-27%.
- Rishi Maheshwari:** Right, and within insurance what would be the portion of Elixir, any rough figure?
- Sudhakar Ram:** It would be a larger portion than in last year. In the past it used to be about half our businesses around Elixir, this time I think it will be a higher proportion.
- Rishi Maheshwari:** Okay, and sir, if you could also throw some color on the macro scenario with relation to your insurance segment, how is the deal conversions happening there, how is the sales cycles, how soon or late is that also happening?
- Sudhakar Ram:** See, like I said in terms of our current pipeline movement we are not able to visibly see any change in terms of the velocity and what it takes to convert a deal, so as of now the situation looks the same as what it was at the beginning of the year, but given all this slowdown, the broad expectation is that there could be delays, so probably in a quarter or so, we will be in a better position to actually comment on whether there are delays or not.
- Rishi Maheshwari:** Are there also talks about volume discounts in terms of pricing?
- Sudhakar Ram:** No, not for the solutions business.
- Rishi Maheshwari:** Okay, any other business where you are experiencing pricing declines?
- Sudhakar Ram:** No, nothing as of now.
- Rishi Maheshwari:** Thank you so much, sir.
- Moderator:** Next question comes from Mr. Santhanakrishnan of Spark Capitals.
- Santhanakrishnan:** I just had two questions. One was regarding the three new contracts that you announced during the quarter in the Insurance vertical. Are the new accounts contractually

based on the license model or it is more based on the SaaS service model?

**Sudhakar Ram:** It is license and complete implementation and support.

**Santhanakrishnan:** Okay, so it is not the new SOA platform or the SaaS type of model ...

**Sudhakar Ram:** See, SOA doesn't necessarily mean SaaS. There is only one specific part of our business in Vector, which is around the SaaS model as we stand today, which is for numerous application processing, but a lot of our business is around the SOA platform, but it need not be SaaS.

**Santhanakrishnan:** Okay, so it is only one part of the business, which is in SaaS and another part, which is getting developed in SOA, right?

**Sudhakar Ram:** That's correct.

**Santhanakrishnan:** Most of your projects in the UK is for government and the other business where you are really focusing is the insurance vertical. So given this combination, wouldn't you be really facing pressure from your clients in terms of spending; like isn't the Thales project seeing a slow down in this environment?

**Sudhakar Ram:** See, these are all long-term programs where budgets have been allocated and committed and you can't slow down or pull off anything in the middle of a large program, so on the government programs that we are already engaged with, we don't see any slow down in any form.

**Santhanakrishnan:** And the payments are also on time and you don't face any delays at all, right?

**Sudhakar Ram:** Yes, and in any case our payments come out of BT or Thales and not from the government because they are the clients.

**Santhanakrishnan:** Okay, thanks a lot.

**Moderator:** Next is a follow up question by Mr. Ruchir Desai of Pioneer Investments.

**Ruchir Desai:** Just coming back to the guidance, you expect a pretty significant ramp up in H2 and you mentioned that you assume Elixir will add to the revenue growth in H2, could you quantify what kind of growth or what kind of revenues you expect from the Elixir platform in H2?

- Sudhakar Ram:** See, it is difficult to quantify specifically like that, Ruchir, so overall when I look at all our business, bulk of the growth in the second half will come out of Elixir implementations and we also expect Elixir as a percentage of revenues to go up this year.
- Ruchir Desai:** Okay, thank you.
- Moderator:** Next is a follow up question by Mr. Prasad Deshmukh of DSP Merrill Lynch.
- Prasad Deshmukh:** This is about this order book, how much of the order book is new orders, something which possibly stands chance of getting delayed?
- Sudhakar Ram:** I don't understand the question, what do you mean by new?
- Prasad Deshmukh:** I mean how much of it is...
- Sudhakar Ram:** See, it is not a pipeline order book. These are things which are already signed, where we have started work.
- Prasad Deshmukh:** Yes, I understand that. Of this 505 crore, how much are the orders which are coming from new clients, which are expected from new clients?
- Sudhakar Ram:** These are all in hand, Prasad. There is nothing expected here. It is difficult to break that up to say what is from newly added clients, what is from existing clients, but all these are things on which work is happening and these are signed contracts in hand.
- Prasad Deshmukh:** Okay. How much would be our maintenance portion of the business at this point in time?
- Sudhakar Ram:** That is there in the analysis, this quarter I think it has gone up a bit, because probably some more modules of NHS have come in for maintenance.
- Prasad Deshmukh:** Okay, Thanks a lot.
- Moderator:** Next is a follow up question by Mr. Neerav Dalal of Capital Market.
- Neerav Dalal:** Sir, is there any change in the capex plan, because earlier you had said about 55 to 60 crore and now you are saying about 35 to 40 crores?
- Jamshed Jussawalla:** See, these are broad numbers, we will review it as and when we progress.

- Neerav Dalal:** Okay, thank you.
- Moderator:** Next is a follow up question by Mr. Ashakiran of Span Capital.
- Asha Kiran:** This is regarding your hiring plans for this year. How many people are you going to hire this fiscal?
- Sudhakar Ram:** See, ours is not so much a headcount-driven business model. So hiring would be based on new projects in hand and whatever is the ramp up, so approximately we are looking at adding about 900 to 1000 people this year.
- Asha Kiran:** Okay.
- Moderator:** There are no further questions. Now I hand over the floor to Mr. Sudhakar Ram, Chairman and Managing Director, Mastek Ltd, for closing comments.
- Sudhakar Ram:** Thank you all for your continued support of Mastek and your interest in Mastek. As you have seen over the last four-five years, we have been significantly improving our own market presence, the strength of our model, the vertical strategy and our financial result as an outcome of all these measures that we have taken and we have been improving our own predictability as well as performance over a period of time. The current economic slow down obviously has put a bit of a damp on it, which is why we had to cut down our guidance by 5%, but the underlying fundamentals of the company remain strong and I am very confident about our strategy in terms of being a solutions provider to specific verticals. So in the long run, we remain bullish about the prospects of the company and our ability to grow much faster than the industry. Thank you once again and we will be in touch next quarter, thank you.
- Moderator:** Ladies and gentlemen this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, have a pleasant evening.

- 
- Note:** 1. This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.
2. Any of the statements made above may be construed as opinions only and as of the date. We expressly disclaim any obligation or undertaking to release any update or revision to any of the views contained herein to reflect any changes in our expectations with regard to any change in events, conditions or circumstances on which any of the above opinions might have been based upon.