

“Tech Mahindra Quarterly Earnings Conference Call”

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MODERATORS:

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MR. SANJAY KALRA – PRESIDENT, STRATEGIC INITIATIVES
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Moderator Ladies and gentlemen good morning and good evening. Welcome to the Tech Mahindra Quarterly Earnings conference call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * and then 0 on your touch-tone phone. Please note that this conference is being recorded. I would now like to transfer the conference over to Mr. Manoj Bhat of Tech Mahindra. Thank you and over to you Mr. Bhat.

Manoj Bhat Thank you Rochelle. First thanks to all of you for joining this conference call. I would like to apologize for the technical glitch, which made our results to reach some of the participants very late. With that I want to introduce Mr. Vineet Nayar, our CEO and other members of our management team. Without further ado, I will hand it over to Vineet.

Vineet Nayar Good morning, good evening, welcome ladies and gentlemen. Thank you for joining our call today. This quarter has been a difficult quarter, it has been a tough quarter. But it is not unique to our company. It cuts right across our industry and the globe.

Our revenues declined 2.8% sequentially from Indian rupees 1165 Crores to 1132 Crores and the net profit declined by 26% from 303 Crores to 223 Crores. As you would recall, we had onetime tax writeback of 67.3 Crores in quarter-2 numbers. Excluding that our profit declined by 5.4% from 235 Crores to 223 Crores. At EBITDA level, our EBITDA without tax writeback has fallen 2.4% from 326 Crores to 318 Crores. Yes, there has been a marginal decline, partly it's what is happening all around us, partly it is the precipitous decline in the value of British Pound, which accounts for a fair amount of our revenue, in fact almost 70% of our revenues. Given the situation, I think we, as a management, are pretty happy about the results we have been able to eek out.

This quarter was a significant one in many ways.

On the business front our long-term engagements with BT are progressing well. We are happy to announce that we have now made significant progress on deal we announced in Quarter 2 09. BT has chosen Tech Mahindra as a prime vendor for a large transformation program in BTGS. This is a defining deal, which now firmly entrenches us in the domain of end-to-end transformation, encompasses building a new strategic stack as well as taking ownership of the current systems, system estate. Tech Mahindra will work closely with BT and will be responsible for transformation of IT architecture and systems, governance, and business processes that support the business.

Over the next three years, the program will deliver global consolidation of systems and service management and create a robust and a reusable platform. Tech Mahindra

will then operate the platform for another two years with an option to extend it for further two years. Besides obviously the flow of certain almost a predictable revenue; what is interesting about our involvement and management of this program is that we have now reached about the highest level in the IT food chain. I think kind of responsibility which has been reposed upon us, there are very few, who are up here.

Our other BTGS engagements continue to grow with revenue up from \$32 million to \$35 million. We continue to find new areas where we can assist BTGS in driving efficiencies. Revenue in this quarter has been muted, once again by GBP depreciation. Our traditional business in BT continues to be under pressure with our revenue in GBP terms declining from 67 million to 59 million in Quarter 3.

In these times, our domain knowledge and innovation are key differentiators as we move forward to overcome these challenges. In the longer run we believe that telecom as a vertical remains healthy and our focus will help us to reach benefits. We will see some uncertain periods, however. But our long-term deals will hold up in good stead in the next financial year. As we mentioned earlier, a deal will start generating revenue in the first quarter of next year. I am referring to the deal what we have termed as Andes.

Our efficiency measures have helped us to maintain margins, some of these measures have already had an effect on the current quarter and we look forward to have more measures as we go forward. And the savings hopefully will continue to increase in this respect. With this introduction, my management team and I are available to answer your questions. Thank you folks, over to you people.

Moderator

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. At this time, if you would like to ask a question, please press * and then 1 on your touch-tone phone. To withdraw a question from the queue you need to press * and 2. Participants are requested to use only handsets while asking a question. Anyone with a question may press * and 1 at this time. Our first question is from the line of Ruchit Mehta of HSBC Asset Management, please go ahead.

Ruchit Mehta

Hi, good evening sir. Just wanted to understand within the BTGS and the BT account, could you give us a sense of what are the revenues in absolute US dollars reported and in constant currency?

Vineet Nayyar

Sanjay?

Sanjay Kalra

Yeah I can answer that. On the Barcelona contract, which was the contract with BTGS, in Q2 we were at £16.7 million and Q3 we were £22.2 million, which was growth of about 9%, sequential growth of the quarter and that was constant currency. On the other hand, which was in dollars and in dollars it was \$32 million in Q2, \$35 million in Q3.

Ruchit Mehta

And 35 million would be constant currency or reported?

- Sanjay Kalra** You know, reported currency. So £16.7 million to £22.2 million and \$32.1 million to \$34.9.
- Ruchit Mehta** And in terms of the BT regular business?
- Sanjay Kalra** What would you like to know on the BT regular business?
- Ruchit Mehta** The same figures, like you know what it was in constant currency.
- Sonjoy Anand** In terms of Sterling it was £67.9 million last quarter and it is £59.5 million in this quarter. In dollar terms, obviously it would be with what has happened to Sterling, movement is from \$130 million last quarter to \$97.8 million this quarter.
- Ruchit Mehta** Okay, and on the non-Barcelona deal part of the BT business - so what is your outlook going forward? I believe you know Mr. Nayyar had mentioned on the TV as well that if we see continued weakness going into 4th Quarter as well?
- Sanjay Kalra** Ruchit, you know earlier when we used to discuss, we said we divide the BT business into two businesses. There was traditional BT business and the Barcelona business, right.
- Ruchit Mehta** Sure.
- Sanjay Kalra** And if you remember last quarter I said, we think on the traditional BT business, our revenues would have peaked, but revenues from the other deals will start kicking in. In the next quarter, the large Andes platform, which Vineet gave you details on in the beginning of this call that would start, that would kick in. You know if you put the deal in a very simple way, there is a very large complex IT estate that BT global services runs around the world, with us and with many other vendors and by themselves. In fact, we are one of the small players there. What will happen from 1st of April is that we will start transitioning work from around the world into Tech Mahindra from other vendors and from work that is happening within BT. Then as we move forward, we would be developing the new platforms which will be the successive platforms based on new architecture, new technology for these applications that run around the world. And over time as a new platforms come into existence and start performing, we will start shutting down those legacy or older applications, which we may have transitioned to us from other vendors if they had a long life or a tail. However, in some cases it was just a quarter or two quarters, we may choose to leave it with the existing vendors till we have the replacement technology ready at which time to shut down those applications. So, the kind of work we are doing is large, complex but more importantly completely under our management and our control. We will do that transformation. So, if I put it in very simple financial terms, then the way the deal stacks up is that the total that BT is likely to spend on this transformation journey is about £500 million and of that £500 million, £350 million will be incremental revenue that will come to Tech Mahindra and on top of that there will be some of the existing revenue that will continue to be in there and some is pass through revenue, which we

may either choose not to bring in because it does not make commercial sense to bring something into Tech Mahindra transition when it does not have a long life or it will be money, we will pay to some niche partners, who will come and deliver to our services that we think at this time, we may not be in the best position to deliver. So, that is the way, there is very large deal is structured.

Ruchit Mehta

Okay, but would it mean that some particular point and time, the non-BTGS, Barcelona and the recent deal in the core or originally BT business will keep on showing a sort of flatness to de-growth?

Sanjay Kalra

You know they have reduced their spend on that part as you are aware because there were three very strategic programs that were happening in BT for the last four years. One was, which you are aware, which was the TSR, the Telecom Strategic Review, from Ofcom where the regulator had come in and asked for certain investments in systems. The second big change was applications and systems to manage 21st Century Network and the third was to change BT systems and migrate to a platform-based architecture and you know that we benefited immensely from all these three activities. Going forward the TSR part is mostly done, the 21CN systems development has mostly happened. So, the next phase in BT in that traditional part will be reuse of the components and capabilities we have created. So we will become now a prime integrator in reusing many things we have created in the past. So, what you see is the Andes deals taking a life of its own, the Barcelona deal taking a life of its own and the traditional BT Design Business changing in nature, where by the way we have actually increased our share of the wallet. So, while the overall pie has decreased, our percentage of that wallet has gone up.

Ruchit Mehta

Okay, but you know just from a revenue perspective, obviously you know Andes and Barcelona will kick in at some particular point and time, but say in GBP terms or in dollar terms if we like, so where do you see existing core BT business certainly I mean from a run rate perspective? You know, will it fall up to say \$50 million a quarter or \$75 million a quarter or where?

Sanjay Kalra

I will answer it very quickly, because I can see other colleagues of yours giving strange looks while I am just talking to you. But remember even in that piece, there were pieces that we put into long-term deals. If you remember the long AS&M service management contract of \$350 million we announced. Now, that part is contracted long-term, right?

Ruchit Mehta

Sure.

Sanjay Kalra

So, even there are strategies to take slivers of that and change that into more predictable long-term deals and we will not change our colors on that, you recognize that.

Ruchit Mehta

Okay thank you.



- Moderator** Thank you Mr. Mehta. Our next question is from the line of Pritesh Krishnan of DSP Merrill Lynch. Please go ahead.
- Pritesh Krishnan** Yeah, hi okay. This is a new BT deal. I understand you also mentioned that, you know 65% of revenues would flow through during the first three years, is that correct?
- Sanjay Kalra** Yeah, we expect 60% of the revenues to come in the first three years and our logic is very simple. The investment in the new platforms will be made during the first three years and we are also hoping that a lot of applications will be shut down in those three years. And the final two years, we expect that we will be operating the new platforms, which we will strategically develop.
- Pritesh Krishnan** Okay and so this will be like 60% of the £350 million?
- Sanjay Kalra** Yeah you can assume that 60% of the £350 million should come up in the first three years.
- Pritesh Krishnan** Okay and what would be the investment required from Tech Mahindra, I mean?
- Sanjay Kalra** What would be the investment? I think the best way of looking at it is that since Tech M is a larger company now than when we signed previous large deals, the cost of transition, etc. will start to get absorbed in normal business operations in the beginning. You may see in the first 3-4 Quarters where there will be investment in transitions that the investment will be or the cost will be disproportionate. But we expect that by the second year, end of second year, beginning of third year we will be into normal margins on the deal.
- Pritesh Krishnan** Yeah, should we assume that you know in the initial first year, I mean like this could be, this could be like margin dilutive or could be loss-making deal in the initial part?
- Sanjay Kalra** You know the best thing I think if we want more details on this, having learned from the last experience, what I have offered with Manoj Bhat my colleague is that in about 2 weeks time, I am happy to do a call exclusively on that deal to give you guys more visibility and understanding of how it will operate, so that it helps you with the models. But today if we can go onto more significant subjects I will be grateful.
- Pritesh Krishnan** Just one last one, can I also have details of the other income in terms of you know the treasury part and the FOREX losses?
- Sonjoy Anand** Sure, if you look at the other incomes quarter that is about \$9 million of exchange loss.
- Pritesh Krishnan** And the treasury income?
- Sonjoy Anand** The treasury income is about \$600,000.

- Moderator** Thank you Mr. Krishnan. The next question is from the line of Rishi Maheshwari of Enam AMC, please go ahead.
- Rishi Maheshwari** Thanks for taking question. My question was largely on, if you could indicate on the pricing of the new deal that are coming in not just BTGS but other deals also. So you had to calculate on the same functional points that you have offered before in your previous deals. What is your sense, are they coming in at a discount or are they coming in at more or less the same price?
- C P Gurnani** Pricing I would say is more country specific and sector specific. Our learning from the last two quarters is that in our sector the decisions are slowed down, but we are not under any undue market pricing pressures.
- Rishi Maheshwari** Right, there is one more on, I have earlier read your comment on Satyam. What were you earlier interested in and was it a part of Satyam that could complement your telecom exposure or can you also foray into other portions of Satyam or it could be any other verticals or horizontals that you maybe interested into?
- Vineet Nayyar** I am not sure, which remark you are referring to. Lot of things have been attributed to Tech M, which are not quite accurate. Our state position on Satyam is that at the moment it is marred at a huge amount of litigation and it is not something, which we are pursuing.
- Rishi Maheshwari** But would you be open to diversifying from the telecom verticals?
- C P Gurnani** At this stage, the way we are looking at our business mix is that there is a lot of ground still to be covered and you know going deeper into our service offerings, whether it is security space or whether it is the network services or in remote infrastructure management and our focus is to build on some of our early successes and early referencibility that we have in security, remote infrastructure management, and in network services besides pursuing a normal business on being the largest application provider to solution services provider in a telecom space.
- Rishi Maheshwari** Alright thank you so much and all the best.
- Moderator** Thank you Mr. Maheshwari. Ladies and gentlemen participants who have questions may press * and 1 at this time. Our next question is from the line of Kawaljeet Saluja of Kotak, please go ahead.
- Kawaljeet Saluja** Hi, my question is that if I look at the margins in this quarter, it has been stable despite significant headwinds. Can you just walk us through the initiatives which led to this stability in margins on quarter-on-quarter basis?
- Sonjoy Anand** Kawaljeet, if you look at this quarter, you know what has driven stability in margins is that you know number of initiatives on the cost side and you know one of them, which is significant of course is the fact that you know the way business outlook is at this



point of time, the variable component of our salary is going to be lower. In addition to that, you know if you average out currency during the quarter, we did get a marginal gain on our margins and you know we are focused on everything else that we can do on cost whether it is on travel or communications and so on.

Kawaljeet Saluja

Sonjoy can you help me with, I mean you mentioned that you gained a little bit on currency, I am just surprised with that because if 70% of your billing is in pound and pound have depreciated by 20% quarter-on-quarter and I presume with the overall business or realization would have been impacted, correct me if I am wrong?

Sonjoy Anand

Yeah, but Kawaljeet, you know what has happened is that certainly on the pound we, you know if you look at our realized rate, we did lose you know from a little over 82, in this quarter it was 79. But on the dollar part of our business, you know from realized rate of 44, last quarter it was 49. So, that is why I said it is not very significant but marginally we gained.

Kawaljeet Saluja

Sure, I mean would it be fair to say that a significant hit would come in, in the next quarter for you?

Sonjoy Anand

Yes and I mean if currency remains at what it is today, certainly you would see a significant impact in next quarter, Kawaljeet.

Kawaljeet Saluja

And what is the extent of damage you think would be done?

Sonjoy Anand

I mean, you know the currency is so volatile with now that I would not hazard against, but the overall metrics you know is a percentage on Sterling impacts us you know around 40 basis points.

Kawaljeet Saluja

Now, just to get it right, you realized an average of 79 and this is what you have recognized at the EBITDA level?

Sonjoy Anand

Kawaljeet, I missed the last part of your comment.

Kawaljeet Saluja

You did you realize an average rupee to pound rate of 79 during the quarter, is that right?

Sonjoy Anand

Yeah, that is correct.

Kawaljeet Saluja

And this realization has been reflected at the EBITDA level and not other income?

Sonjoy Anand

That is right.

Kawaljeet Saluja

Okay, my second question is that is the management and of course there has been some levels of slowdown in the economic activity, but is the management really happy with the performance in a non-BT business, given the fact that the growth has been pretty modest at around 4% on year-on-year basis? And presumably, I think your

peers in the industry would have grown at a rate higher than perhaps the rate which you have reported in the non-BT portion of the business as such.

C P Gurnani

I think Kawaljeet, this management is never going to be happy with just a focus on quarter-on-quarter growth, I mean we obviously aspire to do a lot more. So, you know on one end, you know when I talk to my groups, I may still be a lot more demanding, but you know considering that most of the decisions during the last quarter were in a freeze mode and have heard this from not only the other Indian peers, but also from companies like Amdocs that you know there is a definite slowdown in the telecom sector. So, I know that we need to work harder, we need to even work smarter, we need to get in front of our clients and cross sell many of our new service offerings and again, we are planning a road show sometime in February-March and during that period Sanjay and I will talk and share with you a lot more details about our next financial year's business plans.

Kawaljeet Saluja

Right, my next question is for Sanjay Kalra. Sanjay, have you received you know the proportionate share of money back which you paid for the Andes deal?

Sanjay Kalra

Kawaljeet, you know we spent a long time in finalizing the total overall deal and the significant change you would have heard from when we discussed this in a call two quarters back, is that we actually took responsibility, we were able to convince our customer that we in fact are ready to be the prime vendor here and not a subcontract to someone, as it was reported although we never presented it that way. So, we have become the prime vendor who has now taken a majority share of the entire contract, let's be now control all the input cost, all the partners, all the vendors. So, you can assume that we work it in the commercials of the overall deal now.

Kawaljeet Saluja

But the portion of incremental revenue still remains with same Sanjay at \$350 million, oh £350 million?

Sanjay Kalra

Look there was a time I announced a large deal without giving you any idea of what the size was. A quarter later, I was into discussions to arrive at the final shape of the contract. By that time it was decided that we were going to prime the deal although we did not have details because we were still in discussion and negotiations. So, the number I have declared \$700 million then and £350 million now, was on the basis of fact that we were signing the deal and that is incremental revenue to Tech Mahindra.

Kawaljeet Saluja

Okay and my final question is that, I just wanted to, you know is there any change or is there going to be any change in the dividend payout ratio or has the management formalized any dividend payout ratio plan?

Sonjoy Anand

Kawaljeet you know dividend is something which the board look at every board meetings, so you know as you know we do not have a stated policy on it.

Kawaljeet Saluja

Okay thank you.



Sanjay Kalra Kawaljeet, I hope I have answered your questions on Andes?

Kawaljeet Saluja Yeah somewhat.

Vineet Nayyar Somewhat, not fully?

Kawaljeet Saluja Right.

Moderator Excuse me, it is the operator. May we move onto the next question now?

Vineet Nayyar Yeah.

Moderator Thank you. The next question is from the line of Arvind Manikam of MF Global, please go ahead.

Mr. Nimesh Yeah hi, this is Nimesh here. I just wanted to know, what was the volume growth in this particular quarter? And second is, you had a total campus offer in this year at about 5500. I would just like to know what are your plans on that side and what would be your hiring pattern.....?

Moderator Mr. Manikam, are you on a speaker phone?

Mr. Nimesh No, no I am on receiver.

Sonjoy Anand So, on the volume side, you know for this quarter sequentially volumes were down 3%. On the recruitment side, Sujit can I hand it over to you?

Sujit Baksi Yes sir. In the campus side, we already have about 2100 people coming in. So yes they are definitely joining. Based on business requirement we will get them joining in. For the next year 2009, we have made 1500 offers at the campus.

Mr. Nimesh Pardon, I could not get the last part sir.

Sujit Baksi For 2009 offers, we have made 1500 offers so far in the campus.

Mr. Nimesh Okay and one more thing, I am just looking at the trend. You know last two years, your 3rd quarter and 4th quarter-

Manoj Bhat Well, Nimesh we cannot hear you, can you speak up a little bit?

Mr. Nimesh Yeah, am I clear now?

Manoj Bhat Yeah.

Mr. Nimesh I was just looking at the trend over the past two years, in the 3rd quarter and the 4th quarter, you generally you know tend to pull up the levers and you try to improve on your margins. I am just trying to understand, you know was that exercise done in this

quarter as well because we could not find that in the utilization improving because utilization had gone down. So I mean am I right on the observation and if not, can you guide me on that?

Sonjoy Anand I think you are right, utilization has gone down that is you know a direct implication of the volumes having gone down this quarter. But, if you look overall we manage to maintain, you know EBITDA at about 28% and that is a function of having taken a number of initiative in the cost side as well.

Mr. Nimesh Okay and can you give us a sense on how are you planning to kind of hedge, you know the currency movement on the pound side and also if you can give us some idea on what would be the utilization levels at BT and other non-BT Europe clients?

Sonjoy Anand So, I will talk about the currency side you know at the end of this quarter, we have got about £265 million to dollar at about 1.98 and we have got about \$720 million dollar to rupee at 42.71. As you know we follow hedge accounting. Our portfolio on the balance sheet at the end of the quarter is as a mark-to-market profit of little over \$2 million. In terms of incremental hedging, I think you know as far as Sterling is concerned, we are not doing anything immediately. Overall, we do not see these as very attractive levels from a Sterling to Rupee perspective. Of course, we continuously take advice from the experts in this area and watch development and you know as and when, we think it is appropriate, we will take incremental hedges.

Mr. Nimesh Right and on the utilization on BT and non-BT?

Sonjoy Anand I think we do not see utilizations split by customers, we give overall utilization numbers.

Mr. Nimesh Okay, still if you can give some light as to whether BT utilization will be higher as compared to you know other geographies or other clients or it will be in the same order?

Vineet Nayyar You know actually the concept of utilization is becoming little less functional because what has happened is increasingly we are going for fixed price contracts. So, in fact the larger the number of people the worth it is. So, increasingly we are changing over from other forms of measurement other than utilization because 75% of my business with BT is now on fixed price.

Mr. Nimesh Okay, finally if I can get the number you know dedicated to BT, the headcount?

Sanjay Kalra No, it is a common talent pool.

Mr. Nimesh And finally, on the BPO side is there any headcount dedicated to BPO, I mean BT or it is largely BT or it is very less of BT?

Vineet Nayyar Sujit, can you answer that question please?



Sujit Baksi Yeah hello.

Mr. Nimesh Yeah.

Sujit Baksi The headcount is roughly spread as per revenues about 50% BT, yeah 40% BT and 60% non-BT.

Mr. Nimesh For BPO?

Sujit Baksi That is correct.

Mr. Nimesh Okay thanks.

Mr. Sujit Baksi Yeah.

Moderator Thank you Mr. Manikam. The next question is from the line of Sunil Tirumalai of Credit Suisse, please go ahead.

Sunil Tirumalai Thank you very much, my questions are answered.

Moderator Thank you Mr. Tirumalai. Our next question is from the line of Atika Shah of Enam Securities, please go ahead.

Atika Shah Yeah good evening, gentlemen. I would like to know, I just missed the hiring numbers, could you please repeat it?

Sujit Baksi Are you asking me for the campus hiring?

Atika Shah Yes please.

Sujit Baksi Yeah out of 5500 offers we made to 2008-2009 joining, we already have 2100 joined, who have undergone training or undergoing training. The balance we have deferred the joining, we will announce joining dates on a requirement. For 2009 campus joining, we already made 1500 offers at the campus and we are currently not making any more offers.

Atika Shah Okay and could I get the cash balance please, as of December 31st?

Sonjoy Anand Cash Balance? We had cash and cash equivalent of \$110 million, next question.

Moderator Sure, the next question is from the line of Nirav Dalal of Capital Markets, please go ahead.

Nirav Dalal Good evening sir. Sir I wanted the OCI balance in the balance sheet?

Manoj Bhat I think we just mentioned that that there is 2 million net gain on our hedge positions in the balance sheet.

- Nirav Dalal** Okay sir and could you speak about the non-BT business, the outlook or what you are seeing there?
- C P Gurnani** I mean on Non-BT, we currently believe that the slowdown offered some unique opportunities. The opportunities in terms of large scale managed services contracts. The contours of these managed services deals will change, because we do believe that some of the contracts will come with stipulation on transfer of employees and fairly aggressive cost advantages being given to the clients. However, we have also seen a trend is that many of the clients are in slow decision mode and you know everybody is trying to understand what that business impact to their businesses is. So, on one end you will find large clients like AT&T continuing to rollout new services. On other hand, you will find certain other mature clients who have decided to shell all the new projects. So, we also have a scenario in the emerging markets, where like India or in Indonesia or at Vietnam there are lot of new licenses being given and they have no choice but to set up their IT infrastructure and run. So, there is a definite need for new licenses and new solutions in India, Middle East, and Africa and parts of Asia. In matured markets, I do believe that there has been a spending slowdown.
- Nirav Dalal** Okay and sir, just like you have visibility in BT, do you have visibility in the non-BT business?
- C P Gurnani** I mean we have signed a few large contracts and long-term managed services contracts. In some of our large customer bases, we do see a fair amount of visibility. So I mean when last time when Manoj was talking to you guys, he did share with you that we had a order backlog of about \$2.5 billion, out of those \$2.5 billion I think \$600 million was the non-BT order backlog.
- Nirav Dalal** Okay thank you.
- Moderator** Thank you Mr. Dalal. Our next question is from the line of Ravi Chandra of Unifi, please go ahead.
- Ravi Chandra** Sir, may I know the on-site and the offshore breakup for BT and Non-BT?
- Sonjoy Anand** We do not give split by customer account of on-site and offshore headcount. In fact what we share is the overall revenue split, which is there on the fact sheet, which I think it should have reached you.
- Ravi Chandra** And as far as the hedge is concerned, how many months of revenues have hedged in part of GBP as well as for USD approximately?
- Sonjoy Anand** Actually, you know in our case because we take hedges over a longer term period, you know we have a higher percentage of hedges for the next say 4 or 5 quarters and a declining hedge thereafter. You know, so I think it is best to understand it like that.
- Ravi Chandra** Both the GBP as well as for dollar?



Sonjoy Anand That is right.

Ravi Chandra Okay, thank you.

Moderator Thank you Mr. Ravi Chandra. The next question is from the line of Ruchit Mehta of HSBC, please go ahead.

Ruchit Mehta Hi, just wanted to get, what's your CAPEX for current year and any indication of what is going to be for next year?

Vinit Nayyar Sorry, we did not hear you, can you speak a little louder.

Ruchit Mehta Hello, this is better.

Vinit Nayyar Yeah.

Ruchit Mehta I just wanted to know, what is CAPEX for the current year and what it is likely for next year?

Sonjoy Anand I think what we had said earlier was that, you know over a three year period, we would be spending \$150 million. Obviously, you know that spend will also depend on you know how business evolves and-

Ruchit Mehta Okay, I have actually just missed out on that figure of money that we had paid to get the Andes deal, how much is our proportion and you see 100% of that money paid out our share or are we supposed to get something back?

Manoj Bhat So, we paid £55 million and that is almost 100% our share.

Ruchit Mehta Okay thank you.

Moderator At this time, there are no further questions from the participants. I would now like to turn the conference over to Mr. Vineet Nayyar for closing comments.

Vineet Nayyar Thank you gentlemen and thank you for your very incisive questions. As you clearly would have seen talking to us and talking to other folks in other companies in our industry, these are tough times, but again I think we are resilient enough to measure up to them and still come out ahead and it is clear up from EBITDA numbers and our profitability numbers. Thank you once again for your confidence and look forward to talking to you again in next quarter.

Moderator Thank you Mr. Nayyar. Thank you gentlemen of the management. Ladies and gentlemen on behalf of Tech Mahindra that concludes this evening's conference call. Thank you for joining us and you may now disconnect your lines, thank you.