



# “Mastek Limited Q2 FY-18 Earnings Conference Call”

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**MODERATOR: MRS. ASHA GUPTA – CHRISTENSEN IR**



**Moderator:** Ladies and gentlemen, good day and welcome to the Mastek Limited Q2 FY18 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 after the presentation concludes. In case you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta. Thank you and over to you, ma'am.

**Asha Gupta:** Good afternoon to all of you and thanks for joining the Q2 FY18 results. The results and presentation have been mailed to you and you can also view this on our website [www.mastek.com](http://www.mastek.com).

To take us through the results today and to answer your questions, we have the top management of Mastek represented by Mr. John Owen – the Group CEO and Mr. Abhishek Singh – the Group CFO. Mr. John will start with the brief overview of the quarter gone past which will be followed by Mr. Abhishek who will go into the detailed financials, we will then take the Q&A session.

I would like to remind you that everything said on this call that reflects any outlook for the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risk and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with SEBI and the subsequent annual report that you can find on our website.

With that said, I would like to handover the call to Mr. John. Over to you, sir.

**John Owen:** I am very proud and pleased to announce our Q2 results and it is another solid performance. We continue to grow quarter-on-quarter and this is our fourth consecutive quarter-on-quarter growth in revenue, profits and order book. We continue to build capacity and scale in the organization and we increased our headcount to 1,767 Mastekers. We also continue to execute well with our customers and added 13 new clients with 167 total active clients on LTM basis. We continue to both grow organically and account management and growth capability with our existing client base. This quarter also represents the second quarter where we implemented our strategy 'Vision 2020' which is to be the leader in Digital Transformation. Here, let me highlight our three clear goals - one is to be the most respected partner to our customers, two, to be the most respected employer in the industry and three to build predictable and repeatable earnings for our investors. And it was all about simplifying the business around the three markets we operate in that is the UK, the India and the US. And it was our focus on our core market which is digital, and that transformation is happening in the market because it pays to our key strength of engineering excellence and delivery track record. With that, I will hand over to Abhishek to go through the detail of the numbers and look forward to questions when completed.

**Abhishek Singh:** Thank you, John. Hi everyone on the call. So, we will go through the financial deck that was circulated ahead of the call and if you refer to slide 4 of the deck where we have quarter-on-quarter financial performance parameters outlined. From revenue perspective, our total income for the quarter stood at Rs. 204.1 crores as against Rs. 188 crores which is a growth of 8.5%

quarter-on-quarter. Operating income stood at Rs. 198.5 crores which is 7% increase quarter-on-quarter. We had a good impressive 5.9% constant currency growth quarter-on-quarter basis. In terms of profit metrics, EBITDA stood at Rs. 29.3 crores which is 18.1% growth quarter-on-quarter. EBITDA margin expansion also happened in this quarter by 117 basis points at 14.4%. Net profit stood at Rs. 17.5 crores up 19.3% from the last quarter. Net profit margin also increased to 8.6% vis-à-vis 7.8% for the last quarter. In terms of total cash and cash equivalent, and the fair value of the mutual funds that we hold, we have a total of Rs. 159.5 crores vis-à-vis Rs. 150.4 crores for the last quarter. Order backlog saw a good impressive growth across the two quarters where the twelve month backlog now stands at Rs. 450.4 crores which is up 30.7% in rupee terms and 25.3% in constant currency terms.

We now move on to year-on-year comparison where in terms of revenues, our total income stood at Rs. 204.1 crores a growth of 59.1% year-on-year. Operating income grew by 57.7% to be at Rs. 198.5 crores. In terms of constant currency, we grew by 70.4% on a year-on-year basis. Profitability metrics - EBITDA stood at Rs. 29.3 crores a growth of 110.3%, EBITDA margin at 14.4% as against last year of 10.9% and the net profit stood at Rs. 17.5 crores vis-à-vis Rs. 7.3 crores for the last year same quarter. Net profit margin is at 8.6% vis-à-vis 5.7% for the quarter last year. Total cash, cash equivalents and fair value of Mutual Funds also saw a growth which is now at Rs. 159.5 crores for this year and was Rs. 139.5 crores for the last year. Order backlog stood at Rs. 220 crores last year vis-à-vis Rs. 450.4 crores for this year. So you can see on all the parameters there are significant growth out there.

As we move forward from an H1FY18 comparison point of view, the first six months of this financial year versus the last financial year, the total income stood at Rs. 392.1 crores vis-à-vis Rs. 261.2 crores up 50.1% year-on-year. Operating income stood at Rs. 384 crores which is up 50.6% in rupee terms and in terms of constant currency the growth was 68.3%. Profitability metrics - EBITDA stood at Rs. 54.2 crores which is up by 128.4% on year-on-year basis. EBITDA margin is at 13.8% for the first half as against 9.1% for H1FY17. Net profit stood at Rs. 32.2 crores vis-à-vis Rs. 9.7 crores for the last year and net profit margin at 8.2% vis-à-vis 3.7% for the last year. And on the back of this impressive performance, the Board has declared a 40% as interim dividend which is Rs. 2 per share.

The next slide is a tabular representation of the numbers that we just discussed, so I will skip on to Slide 9 which talks about some of the operating metrics for the second quarter. We added 13 new logos in the quarter gone by and our total active client base is 167. Our top five clients contributed 40.1% of the revenue and top ten contributed 55.1% of the revenue. Our total employee base went up to 1,767 as against 1,684 for the last quarter. Our DSO stood at 70 days vis-à-vis 72 days for the last quarter and the foreign exchange hedges for the next twelve months, that is what we report though we cover for a longer duration we report only for twelve months, so the next twelve months 14.1 million average of Rs. 93.4 for every British pound.

Moving on to Slide 10, these have got the revenue analysis done by market region, by industry segment and by contract type. So looking at revenue by market region, 68.7% of our revenues were from UK whereas 29.3% was from US and 1.9% was from others, which is predominantly

India. Revenue by industry segment, Government continues to be our backbone of the revenue at 34.5%, Retail services at 38.9% of the total revenue, Other financial services stood at 17.3% whereas IT and other services stood at 9.3%. Revenue by contract type, predominantly T&M and Fixed Price. So, we are a T&M shop at 81.5% of our total revenue being Time and Material and Fixed Price being at 18.5%.

If you move on to the next slide which is revenue by service line and that is something that we have started tracking effective Q1FY18 as we move more horizontal with our service offerings. So, our backbone of revenue is the Application Development at 47.7%, Digital Commerce contributes 27.8%, Application Support and Maintenance contributed 9.2%, BI and Analytics at 5.4%, Agile Consulting at 7% and Assurance & Testing at 3% of the total revenues for the quarter and these are the fixed service lines that Mastek looks at building its delivery base.

So with that I come to the conclusion of the financial section and will open the floor for questions.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Mohit Jain from Anand Rathi. Please go ahead.

**Mohit Jain:** Just wanted to check on the order book now that we are closing at a much higher number. Do you think second half could be as strong as the first half for us this year?

**Abhishek Singh:** Thanks, Mohit. So, though we do not guide, the fact remains that our statement of intent we endeavor to maintain the trajectory and twelve month order backlog actually helps us in delivering that.

**Mohit Jain:** So in terms of percentages, when we try to look at the order book that you disclose is for next twelve months executable, so from that perspective at \$70 million your visibility apparently should have been higher compared to what it was last year or three quarters back? So that gives you some visibility into FY2019 as well, is that a correct assessment?

**Abhishek Singh:** Yes. It gives us the confidence and that is why we make that statement of intent not a guidance but a statement of intent that yes, we endeavor to maintain the trajectory.

**Mohit Jain:** Sure, and the second is on the margin side. Earlier we were moving up gradually quarter-on-quarter on the margin front. This time GBP was also supportive especially in 2Q. while the margins are more or less flattish, so what is your outlook there like we aim to operate at 12% odd margins or do you think there is a room for improvement there?

**Abhishek Singh:** Mohit, this number has to be looked upon in the context of twin factors that impacts us – Cost of Growth for the 5% to 6% Constant Currency Growth that we have been delivering and the impact of wage hikes in the current qtr. With these two impacts absorbed, we have delivered a flattish EBITDA. So if you put that in perspective, you get a sense that it is a good performance after incorporating both the cost of growth as well as the wage hike. But that said, our aspiration is for the industry standards and that is a journey for the Vision 2020.

- Mohit Jain:** Right so cost of growth will come in other expenses right and the wage hikes will above?
- Abhishek Singh:** Wages are your manpower cost and other expenses are all other operating expenses whether it is mobilization cost, travel cost.
- Mohit Jain:** No, what I mean to ask is when you say cost of growth that is essentially increase in sales and marketing and other expenses or that could also be related to hiring?
- Abhishek Singh:** Yes, it would be inclusive of all the expenses. So, when you are growing at 6% you have to mobilize people our headcount has gone up, first quarter was possibly 150 at least that we added, second quarter was around 140. So you would have recruitment cost, you would have their initial training related expenses and as you can see our delivery is predominantly onshore and that is the nature of the deals as far as digital business is concerned. It would entail some travel related expenses and that the businesses in government space which requires security cleared resources, would require some bit of external consulting capabilities as well. So all of that forms a part of mobilization cost across various lines.
- Moderator:** Thank you. We have the next question from the line of Parag who is an individual investor. Please go ahead.
- Parag:** I am just picking up on Mohit's question about order book. Now there is a 30% growth in order book, I want to understand if possible that whether this order book is coming primarily from US or UK or how is it divided if you want to disclose it?
- Abhishek Singh:** We definitely endeavor to keep working the same way and keep delivering the results. That said order book is a function of both the geographies the US and the UK and we would like to refrain from dividing it across the geographies.
- Parag:** The next question is operating margin like you have EBITDA margin around 14.4%, is there any levers left for more growth or you are reaching to the top end of the margin because earlier I remember Sudhakar mentioned last year or so that you are aiming for high mid teens. So that is what the number is looking like, so I am just curious to understand is there any more lever left?
- Abhishek Singh:** The answer to the first question is yes, our aspirations are to get to the industry average as far as EBITDA margins are concerned. That is a three-year journey not the next quarter or the quarter after that. It will continue to add but at what rate and what pace is what we will have to be established. With that said, yes there are levers to improve it - pricing is a lever, the cost of sourcing, grade mix, etc are other examples of it. So yes, we are working on that continuously and we definitely would like to say we are not saturated.
- Parag:** Okay that is good to know. In terms of operating margin, UK has around 15% operating margin whereas in UK probably in single digit 5% or 6%, is it because the US operation is more in growth phase?

- Abhishek Singh:** I heard you ask UK and UK, so I am not sure.
- Parag:** Sorry, I think first UK is a 15% and US is like 6% so my question was because the US is an investment frame is that the reason for low margin operating margin?
- Abhishek Singh:** Yes, absolutely you answered the question, that is exactly the reason.
- Parag:** In your presentation, there is a sharp jump in trade receivables from Rs. 85 crores to Rs. 123 crores this quarter. Is there anything specific?
- Abhishek Singh:** It is just the timing possibly the next one week after the close of the quarter, we had lot of that getting collected. So no cause for concern there. It is just the timing.
- Parag:** And this order book, the sharp price in order book is it because you got a big contract or is it because the way you are operating structurally the momentum is picking up?
- Abhishek Singh:** Yes, it is across multiple businesses, multiple service lines and multiple geographies. It is not a concentrated one across one customer.
- Parag:** Okay so I know you do not guide and I am not asking a specific one. So there is a possibility that the growth we are seeing it may pick up in coming quarters. I am not saying that every quarter it will go 30% but what I am saying is there is upward trajectory to this growth rates?
- Abhishek Singh:** Yes, that is what we aspire.
- Moderator:** Thank you. We have the next question from the line of Rahul Jain from Emkay Global. Please go ahead.
- Rahul Jain:** I just wanted to understand about the acquired entity business - how it is shaping up, what all synergies we have raised so far, has their growth continued post acquisition any color and light on that?
- Abhishek Singh:** Yes, the answer to all of it is yes, we have had good traction, it is in Digital Commerce business as you would be tracking with other IT companies most of the companies operating in Retail space wherein the retail operators are experiencing trouble in their brick and mortar businesses. They are all molding their business towards internet based, web based solutions. And which is where our Digital Commerce practice fits. So, we see significant traction as we keep delivering every quarter. So, the acquisition was done at the right time, the business is performing well. From synergy point of view, our Organic US footprint was marginal; however we have driven synergistic initiatives across HR, FP&A, IT platforms, etc. Those things have been implemented upon, and we continue to build and deliver the sales growth strategy for that business.
- Rahul Jain:** Okay and why we are seeing modest outlook in case of Indigo Blue and what is the thought process in that business?

- Abhishek Singh:** Indigo Blue is a Consulting business, it is an agile program management consulting practice, and to that extent we never looked at that as an engine to grow on its own or for Mastek to become a Consulting company. The consulting practice of IndigoBlue helps open the door for our core business like App Development, Maintenance, testing, BI, Warehousing and stuff around that. So that was the objective of that acquisition and it is delivering to it as it opens multiple accounts every quarter and it helps us to kind of convert some of those into multimillion found engagement.
- Rahul Jain:** Okay so you are trying to say that some of the benefit of this subsidiary would be seen in the core business as well?
- Abhishek Singh:** Absolutely.
- Rahul Jain:** Okay and in terms of the earn outs so I believe in the US acquisition we had this component so how we would have pegged this earn outs in terms of growth profitability retention what were the factors and those are now target met, exceeded or anything you could say on that?
- Abhishek Singh:** So the whole idea was to retain the talent in the Services business; People are IP. There was an upfront cash and then there was an earn out based on EBITDA and revenue performance and that drives them, that keeps them motivated as they deliver top line and bottom line there is a benefit that by default they share. And that was the motive for the structure that we have out there and they are working through that.
- Rahul Jain:** So you mean to say the earn out was largely related to retention and not on growth or profitability?
- Abhishek Singh:** No, I said it was based on revenue and EBITDA, so as it grows they have the benefit of that coming in.
- Rahul Jain:** So far they are meeting the run rate. And when we acquired this for some Rs. 7.5 million odd on run rate, quarterly run rate?
- Abhishek Singh:** Yeah, about right.
- Rahul Jain:** And this has crossed little over Rs 8 million, now is it?
- Abhishek Singh:** No, I would not get into the unit wise because we disclose geography. I have got some organic business that also goes up and down, but by and large I would like to give the confidence that yes we are executing to the acquisition objective and the business has got significant traction.
- Moderator:** Thank you. We have a follow up question from the line of Mohit Jain from Anand Rathi. Please go ahead.
- Mohit Jain:** I am asking about the wage hike, what was the quantum of it in 2Q and how much was the impact at the gross level that you had in 2Q?

**Abhishek Singh:** So this was for our operating base that the delivery guys and it was right around a Rs. 1.2 crores to be precise so works out to possibly around 0.6%, 0.7% would be my guess.

**Mohit Jain:** And like this is done for the delivery, this will be done for sales team in the third quarter how is it spread out across the year?

**Abhishek Singh:** So, I would say it is a split of 80:20; 80% of our work base would be covered by this cycle, remaining 20% effective 1<sup>st</sup> October. The major one we have already incorporated.

**Moderator:** Thank you. We will take the next question from the line of Ganesh Shetty who is an individual investor. Please go ahead.

**Ganesh Shetty:** I have a question regarding Digility and the performance of Digility in acquiring new customers and the spread in the US business. Can you please throw some light on this?

**John Owen:** Yes sure, I think it is a good question. I mean Digility, as Abhishek said, is a nascent business and we had invested in that starting in 2016. I think as I said on one of the interviews or one of the calls, Digility secured its first contract in Q2 and is building its pipeline and executing it very well. The inorganic growth of TAISTech in the Digital Commerce world gave us critical mass. So we have got basically three growth leaders for the US, one is Digital Commerce and organic growth, secondly is Digility and organic growth and then there is a cross selling opportunity taking Digility capabilities and services like Application Development, Assurance and Testing, BI & Analytics, Application Maintenance into the TAISTech customer set. So those three levers for growth are Digility core, TAISTech core and then the cross-selling element.

**Ganesh Shetty:** Yes sir, that is fine and one more question regarding the customer base. Our customer base is mainly spread in the UK and now we are trying our best to spread the business across US also, so whereas some of the IT companies are now looking for Europe as a business and we are expanding with acquisitions in Europe itself apart from UK business. So as we are having a long presence in UK how we see this opportunity or how we can read this particular phenomena and spread ourselves into the Europe market, can you please throw some light on this?

**John Owen:** Yeah I think it is fair to say Mastek is not a bell weather for the Indian services business. We are a pure play software services in the Digital Transformation space. We are not trying to be a BPO, we are not trying to be an IT outsourcing, we are not trying to do Product Development, we are not investing itself, we are a Services company and as Abhishek said we are going around a horizontal go to market around our capabilities in that BI & Analytics, the Assurance and Testing, the Application Development. So, I think the geographies that we are focused on is the US, which is that nascent market we have gone both organically and inorganically through the acquisition and the UK which is where we have an operating base, we have a good brand, we are respected, we are trusted, and we are executing in those two markets. Those two markets represent over 60% of the global addressable spends for Digital. I understand why more mature businesses would want to go to Europe as from a currency perspective all the European market is getting stronger at a GBP level. However, for Mastek if we remain focused and we remain



focused on execution our core markets of the UK and US should yield good returns. I think the worst case scenario is diluting our focus and trying to chase the market because we are too late and entering the European market as a new player is just hugely expensive and there is a track record of disasters. We do not need to do that. We are focused on executing and delivering predictable performance.

**Ganesh Shetty:**

Thank you very much sir for the explanation and I understood that our core business is UK and I just want you to answer one more question regarding how the new customers are coming in like is there any pricing pressure or new digital assignments which we are getting for new customers, what is the margin picture over there?

**John Owen:**

So, I think if you look at, let me tell you that Mastek is not following a race to the bottom on rate cards and preferred supply lists and I think a lot of the industry has followed that from a procurement driven by larger companies as they want to leverage their critical mass. People come to Mastek because they want engineered solutions that deliver business outcomes in a very short cycle because digital is all about connecting and the transparency of connecting with your customers as Abhishek said in the web commerce space retailers cannot afford to have poor website because the market moves very quickly and you look at those traditional retailers in brick and mortar. When their website transition is not working they hit the front page of every newspaper and its share price impacting because their website experience is not as good as their brand as built up in bricks and mortar. That is what the reality the digital world is. These are business driven the transparent project they tend to be shorter in lifecycle and they are not as prone to margin pressure as commodity services in the traditional IT world. So we are not winning because we are discounting, we are winning because we are trusted to deliver business outcome by customers. And all of our customers already have prior experience of Mastek's delivery and its delivery culture and its engineering excellence. So we built a very loyal brand, we got loyal customers and our new customer acquisition is built around that core.

**Ganesh Shetty:**

My last question is regarding the consolidation among vendors in various geographies and are you seeing a lot of IT companies suffer due to vendor consolidation and then losing of their core business to some other IT services company. Is there any possibility or is there anything like that in our business model where the consolidation may impact our business especially in Q3 and Q4? That is my final question.

**John Owen:**

I think we will be the beneficiary of that market consolidation because if you are competing on price and scale and capacity the only way you drive growth is on an economy of scale and I think what we have got to remember we are a human capital business. We are not an IP based product business that can protect itself because it owns the IP and patents. We got to find and serve our customers everyday and we are only as good as our last delivery. So I think that consolidation if you are in the commodity game there will be casualties but I go back to why the customers buy from Mastek it is because we can engineer the digital income that is going to drive that business performance. That is less price sensitive. So as consolidation happens at the big guys and they are trying to simplify their business to what is our core business, what is our operating model that I think at the macro level will have an impact. But in the digital world,

clients need predictable quality software solutions delivered on time on budget. So I think we hopefully will be the beneficiary if we remain focused on delivery, we remain focused on our core competencies which is engineering excellence and we do not forget that we are only as good as our last delivery.

**Moderator:** Thank you. The next question is from the line of Harikrishna Pukaria from CG Capital. Please go ahead.

**Harikrishna Pukaria:** Just wanted to know what is our guidance on the EBITDA front and how do we aim to improve this figure?

**Abhishek Singh:** So as outlined in the call earlier, Harikrishna, we are not looking at giving any guidance. we aspire to achieve the industry average EBITDA performance and that is what our three-year journey is, the Vision 2020 that John alluded to, by the end of that we should have pinned the industry benchmarks.

**Moderator:** Thank you. We have a follow up question from the line of Parag, as an individual investor. Please go ahead.

**Parag:** In the press release, you have a Vision 2020 statement which say that to make Mastek a leader in the Digital Transformation. Do you have any number or anything associated with which we can tangibly at least a play out in profitability, revenue?

**John Owen:** I think I cannot give you metrics but I think I will stick to what Mastek its core principles over the last 35 years, and we do want to remain the most respected supplier in our industry, respected to our customers because we deliver on time on budget and we are transparent and easy to do business with, respected by our employees because we are a good employer we develop and we invest in their development and their careers, and we want to be respected by the analysts and the investor community for building predictable repeatable earnings. So, we measure leadership around those criteria which is we want to be the most respected. That does not mean the revenue growth, it does not mean the profitability, it does not mean the share price, it is a combination of all those things. But as long as we keep up core values, and we are seeing for the next 35 years as the most trusted and respected supply to our customers potential employees and potential investors and yes, we delivered on our vision.

**Parag:** My final question is how is the macro environment in UK looking like?

**John Owen:** As a UK citizen, I would much prefer a simpler environment. I think I will go back to the market is a lot tougher, I think decisions are being deferred that is well researched and the analysis back that up. That being said, I believe Mastek can execute any macro economic impact. We have got very good customers, we have got loyal customers who know why they deal with Mastek and once they dealt with them we tend to keep customers for life. I will go back, digital transformation if you got a business impacting issue, that needs a digital transformation you cannot defer that investment. And I think that is probably where I would like to think Mastek

can actually execute given that we are not above weather in the industry. As long as we put our resources in the right place we build the right types of relationships I am confident we will continue to execute well and build predictable performance.

**Moderator:** Thank you. We have the next question from the line of Rishi Jhunjhunwala from IIFL. Please go ahead.

**Rishi Jhunjhunwala:** Just wanted to understand if you can give some color on the overall outlook on retail services? It seems like lot of that business for you guys might be coming from US and what we typically hear is lot of structural issues on the retail side even though you guys might be participants of the Digital Transformation but even then, looks like most of the large retailers are struggling in big way in US. So just wanted to understand how that is panning out for you guys? It seems like you are growing at a much better hit and what are some of the trends that you are looking at?

**John Owen:** I think our Digital Commerce business is primarily built around the Oracle e-commerce platform in the ATG platform. And you are right there is a massive impact there is that channel shapes from bricks and mortar to online services, digital services, mobile services in simple terms digital services. At the moment I think we are a beneficiary so our client segmentation is those more an agile retailers they do not have some of the legacy in the structural deck that some of the traditional bricks and mortar companies have. So, I think if you are a big player in retail particularly in the US and again you look at the predictions of what is going to happen to mall traffic and just retailing, the way people are going to shift you are either going to be a new operator with a new agile cost structure where you are all online or you are going to have a very strong traditional brand and you are going to become omni channel. I think that is probably why we are growing faster and yes, you could say there will be casualties that in that transformation and I would like to think we are on the right side of that equation both with our relationship with Oracle and the type of customers that we are working with.

**Rishi Jhunjhunwala:** And just wanted to understand what would constitute your Other Financial Services, it seems like that is in a bit of a pain?

**Abhishek Singh:** Yeah, that is the longstanding businesses that we have had with some of the large SIs and we are seeing some traction there as well.

**Rishi Jhunjhunwala:** Great and lastly, just wanted to understand your order book. When you say 12 months order book, the order backlog was Rs. 450 crores, how do you define that just for a basic understanding?

**Abhishek Singh:** The contracts, the volume of work, the quantum of work that we will execute in next 12 months of the businesses that we won.

**Rishi Jhunjhunwala:** And is that all new business over and above what you existing have right now?

**Abhishek Singh:** No, it includes renewals as well.

**Rishi Jhunjunwala:** So just trying to understand you have revenues on a quarterly basis at Rs. 200 crores and right now our order book visibility for Rs. 450 crores. So does it typically operate in that way in which we have roughly about 50% of the revenues in terms of order backlog, does it get filled so quickly?

**Abhishek Singh:** So if you look at our historical numbers this is a significant jump from the last quarter as well as the last year and we have multiyear contracts of which we are carving and sharing the 12 months, the next 12 months of it. That does not mean that is the only business that we have. So in other words the trajectory of our wins have gone up, the visibility is over multiple years of which we are sharing only the 12 months view with you here.

**Rishi Jhunjunwala:** So the other way to look at it is effectively that the tenure of the overall order book is roughly six months?

**Abhishek Singh:** Yeah, I mean if you want to do a simple math and say Rs. 200 crores over Rs. 450 crores. It is 2.25x quarter is how you would define it. But that may not be the most appropriate one. So I will let you chose it.

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

**John Owen:** Thank you very much. And thank you for the comments, the questions and the best wishes for Mastek. And I think there is a lot of sentiment for Mastek to do well and as I said at the opening this is our fourth consecutive quarter of growth and I think as Abhishek said we want to build predictability into our performance both for our customers, for our employees and most as importantly our investors. So it has been a solid performance and we look forward to giving you an update on our Q3 in three months' time. Thank you very much.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Mastek Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.