“Mahindra Satyam Earnings Conference Call”

August 9, 2011

Moderator Ladies and gentlemen, good day and welcome to the Mahindra Satyam Q1 FY12 Earnings Conference Call. As a reminder for the duration of this conference, all participants' 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. If you should need assistance during the conference call, you may signal an operator by pressing '*' and then '0' on your touchtone telephones. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Hari T., Chief Marketing Officer at Mahindra Satyam. Thank you and over to you, Sir.

Hari T Thank you, Melissa. Good morning and good evening to all the participants on the call. This is Hari from Mahindra Satyam's management team. And it is my pleasure to welcome you all to our Q1 FY12 earnings. We have with us today, Mr. Vineet Nayyar – Chairman, Mr. C.P. Gurnani – our CEO, Mr. Vasant Krishnan – our CFO and the rest of the key management team here.

Before I hand over this conference, I would like to remind you that we do not provide any revenue or earnings guidance. Anything discussed on this call which reflects our outlook for the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risks that the company faces. We have outlined these risks in our results, press release dated 9th August, 2011 which is available on our company's website, mahindrasatyam.com. I now hand over the conference to Vineet for his opening remarks.

Vineet Nayyar Good day, ladies and gentlemen. Welcome to Q1 FY12 earnings release. We are pleased to have begun the financial year on an encouraging note. We have seen continued growth momentum building on the performance in Q4 of FY11. As we have always maintained, this was a three-year transformation journey. In the first phase, we stabilized the company, in the second phase, we invested to get ourselves market ready, and the third phase, which we are in currently, we want to capitalize on market opportunities and hopefully move towards some of the benchmark metrics on growth and profitability.

Coming to numbers, our consolidated revenue stood at US$320 million, a sequential growth of 5.2%. In Indian rupee terms, consolidated revenues were INR1434 crores, registering a sequential growth of 4.3%. We continue to make progress on our bottom-line with Q1 EBITDA at 210 crores, our EBITDA margin at 14.6% implies an increase of approximately 160 basis points over the last quarter where the EBITDA was 13%. Our profit after tax was 225 crores for the quarter compared to a loss in the last quarter. We added 2,172 employees on net basis, taking the total headcount to 31,438. Of the additions, over 1300 were from our campus program which has helped us in marginally broadening our employees pyramid. Our attrition has come down from 22% in Q4 last year to 17% in Q1.

We continue to fine-tune and restructure our organization. In Q2 of FY12, we divested S&V consulting in a transaction structure, which will enable us to leverage the frameworks to service our customer engagements. We have announced our plans to wind down our American Depositary Share program in 2012 in an orderly manner. The plan sequence was first to meet the Indian regulatory requirements with respect to disclosures and financial statements and then to turn to address the US requirements.

Despite the unavailability of certain historical financial information, due to a financial fraud of unprecedented magnitude, the company's new management succeeded in meeting all the regulatory requirements in India and we are now current with respect to the company's audit financial results under Indian GAAP.

We have been working with the auditors in an attempt to achieve a set of audited financial statements that would meet applicable US requirements. However, despite our best efforts, in a recent meeting with SEC staff, the staff affirmed the company's understanding, that an audit opinion qualified by various audit scope limitations and other qualifications would not be acceptable under SEC rules and regulations. Although such form of audit opinion has been acceptable to the Indian regulators. Accordingly, the company has now determined that it will not be able to become current in its SEC filing obligations and has initiated an action towards winding down its ADS program. I am certain there will be quite a few questions in this regard. We have tried to anticipate these questions and listed detailed responses on these questions on our web site. I will only therefore answer one question. Why is it that, we have not been able to meet the US requirements? It largely originates from the fact that despite our best efforts there were issues which we could not fathom. How did the company start with the debit balance of over 1000 crores in FY2002? We do not know. And despite all the investigations, we will never find out. So there were series of such things which we were not able to put into place and consequently, under the US regulations, this was unacceptable. And that is why we have taken this decision. Needless to say the company remains fully committed to serving customers in the US and this announcement has no impact on business operations in the US or elsewhere.

Coming back to our core business performance, in a lot of ways in my views, we are taking the first few steps in realizing the potential of Mahindra Satyam. We look forward towards the next phase of our growth and hope that this momentum will continue to propel us to a rightful place under the sun. With these remarks, I will hand over to C.P.

C.P. Gurnani: Thanks, Vineet. I think gentlemen, Vineet has covered reasonably in detail, Mahindra Satyam's growth momentum and also the overall financial highlights of the company. So I would not like to spend too much of time on giving more sound bytes to the same headlines. What I would do is, quickly introduce the management team which has joined me for this meeting today. Atul Kunwar, who is the Global Head of Operations and Sales, Rakesh Soni, who is our Chief Operating Officer, A.S.M. who is our Chief Technology Officer, Vasant Krishnan who is our CFO and Hari T. who is our Chief People Officer and Chief Marketing Officer and Vijayanand who is our Chief Strategy Officer. The whole management team is right here and I would like to open this conference to questions.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: I just wanted to understand in terms of the good growth we have seen. Could you just break it up into volumes and has there been any pricing improvements from some of our customers?

Vasant Krishnan: To break down, quarter-on-quarter growth in rupee terms is approximately 4.3%. The large part of this has come from volume around 3.9%. Currency impacted us positively by 0.6%. Dollar was negative but there were other currencies in the basket, so when you take all of them together we had a positive impact of 0.6%. So, volumes of 3.9% and a positive impact currency of 0.6% and because of the offshoring movement there is a negative impact on our rate realization of around -0.6%, so taking all of this together we have this growth of 4.3%.

Srivatsan Ramachandran: And then there was a new story some time back about pushing salary hike from effective July to October, just wanted to know if there is any truth to it, and if it is true, would like to understand the rationale for pushing the hike cycle because most of the players in the industry seem to be giving either now, in the last quarter or this quarter, just wanted to understand if there is any specific reason for pushing the hike later?

C.P. Gurnani: I think the news item is correct. Yes, Mahindra Satyam has pushed the salary hike by a quarter. The fundamental reason was very simple. When we looked at our business plan and the financial plan, as you know that Mahindra Satyam on its compensation and benefit, is still running at about 70% which is one of the highest in the industry. Most of the other companies in the peer group are running between 55-60% on that cost. So, within the budget available, it was more important to give a higher percentage hike than to give it for the full nine months of the balance year. And we took a poll from our employees and our employees most of them agreed and they favoured the higher percentage hike than to get a lesser percentage hike for nine months only. So I think it was a consultative inclusive decision with our employees and I am happy that our employees have supported us.

Srivatsan Ramachandran: Just wanted to know any specific spikes in attrition, any buckets that you are seeing?

C.P. Gurnani: Like any appraisal process, there will be a spike, we are expecting a spike, but right now there is nothing that we would be alarmed about. But we are definitely planning that there will be some extra attrition. Because you have to remember that any appraisal cycle also says that we need to put people into our rating curve.

Moderator: Thank you. The next question is from the line of Sandeep Agarwal from Antique Stock Broking. Please go ahead.

Sandeep Agarwal: Sir, just a couple of important questions; one was on the demand side, how do you see the demand scenario spinning out both geography wise and the vertical wise, do you see any particular weakness anywhere? And secondly, on the utilization part, how is the utilization going, trainees and including trainees? And last but not least whether you are seeing any price movements and do you see discretionary spending going down forward, because that is the major concern right now?

Atul Kunwar: Our focused verticals are the Manufacturing, Technology, Media & Entertainment and the Banking and Financial services vertical. We are seeing major customer scale ups in these areas and that has reflected in our results also. As far as the angle of geographies is concerned, we saw growth in all the three geographies, having said that, the bigger growth that we are seeing in is the emerging markets and the same is reflected in the numbers that we have posted across. We have also seen traction in our enterprise business services, which is very significant in addition to our traditional line of business which was to do with application development; there is also traction that is seen on the infrastructure and the engineering services side. So, all in all, it is a contribution from across the board that we are seeing which is enabled post these results.

Sandeep Agarwal: Yeah, that was from the vertical and geography side, now the second question was on utilization, including and excluding trainees and thirdly on the pricing front, discretionary spend?

Atul Kunwar: On the pricing front, it is a combination of two things. There have been some customer scenario, we have actually gone up the value chain, so we have actually been able to realize higher prices because we have clearly moved away from the time and material kind of model to in terms of the value that we are delivering. So, I would not say there is a unique or universal trend but we definitely see possibility that we have actually been able to work out the mechanism by which scaled up the price. As far as utilization is concerned, the numbers hovered around close to about a 74% bracket, which we think is pretty much in line with what our game plans.

Sandeep Agarwal: It is excluding trainees, right?

Atul Kunwar: This is including trainees.

Sandeep Agarwal: And discretionary spend lastly, do you have any views on that?

C.P. Gurnani: The reality is that the sales cycles have become a little longer. Obviously here it is run the company or keep the bulbs on, those decisions taken a lot easier and wherever there is a discretionary spending, we are finding a bit of a debate. But, in general, my belief is that the demand side continues to be reasonable, I would not call it very strong, but I would say that the uptake is positive.

Moderator: Thank you. The next question is from the line of Ashwin Mehta from Nomura Securities. Please go ahead.

Ashwin Mehta: Sir, what is the quantum of salary hike that we are planning to give out next quarter and what would be the impact on margins on account of that?

Hari T: In terms of the offshore increases, we have done about 12% and onsite, we have done 2.5%.

Vasant Krishnan: We would expect an impact of around 250-300 basis points in our EBITDA.

Ashwin Mehta: Secondly, in terms of what was the reason for our 1 million, 5 million accounts going down in this quarter?

Vijayanand Vadrevu: This is more of a quarterly phenomena, I do not think one needs to really look at that, because when you look at across the board, the top 100 accounts actually grew by close to about 8% and the top 50 actually grew by about 10%. Again, if you see across the last three quarters, it is about what we call as the effective portfolio management and we also set right expectations, that across quarters we would see one set of portfolio of customers delivering but we do believe that the balanced portfolio would have such an impact that across quarters, we would be able to sustain growth.

Ashwin Mehta: Just a clarification in terms of salary hikes. This is effective 1st of October or 1st of July?

Vineet Nayyar: 1st of October.

Ashwin Mehta: And finally on cash, what is the current cash on books?

Vasant Krishnan: We have around 1,800 crores of cash. I am excluding the cash in escrow which is the Upaid escrow of $70 million, excluding that we have around 1,800 crores. The class action amount has already been remitted. That is not part of this.

Moderator: Thank you. The next question is from the line of Pratish Krishnan from Bank of America Merrill Lynch. Please go ahead.

Pratish Krishnan: My question is on the TIMEs vertical, which grew by around 10% on a sequential basis. Was it more technology, was it more media, which segment grew at a faster rate and do you expect this to sustain going forward?

Atul Kunwar The results quarter growth is around technology, we define it as hi-tech. Having said that, we had some interesting come backs in the media sector also, but you will see those increases happening in future quarters.

Pratish Krishnan: And any comments on the client additions during the quarter, the active client base seems to have slipped slightly?

Atul Kunwar This is part of our overall game plan of fine-tuning our customer base, just like the previous question was in terms of how many customers in various categories of 1 million, 5 million, 10 million and so on. It is in conjunction with that we are focusing on certain particular areas. So, this is not a material change and it is pretty much in line with what we are looking at. Having said that the number of additions that we have had in terms of logos that we want and we hope it will build up very significantly close to about 32.

Pratish Krishnan: And finally, of late there has been a lot of concern in terms of macro, given that you have a higher exposure to the ERP side, what is your feeling in terms of the growth there and what are your hearing from your clients?

Atul Kunwar: On the ERP side, I think the big opportunity that is starting to come across is, as companies have deployed ERP, there are so many more things to do around it. So, some of the services which are really taking off on that is around analytics, also from services around mobility, enterprise mobility kind of a solution which leverages ERP systems that are already in place. So those are the kind of additional requirements that have starting to come across in addition to the traditional ones like maintenance and deployment of ERPs. We see a growth in both those lines of businesses.

Pratish Krishnan: And any pullback that you expect, given the recent field for macro has not been so great?

Atul Kunwar: If you are really looking at it from the company's perspective, a lot of companies do have the cash to deploy in terms of building for the future. So, there is some kind of correction and roll back that happened in the previous part. So, in the manufacturing segment where ERP is something that is a very major investment decision we see a big traction and there are all kind of solutions that are being put together, which leverages ERP and actually builds beyond that also. So we are not seeing a slowdown at this stage. Having said that we are not seeing big bang approaches as far as the ERP implementation is concerned.

Pratish Krishnan: Sure, just lastly, is it possible to share on how fast did ERP grew for you in this quarter?

Atul Kunwar: We do not report those numbers, so I do not have that handy, but if you want to send us the query maybe we can respond to it.

Moderator: Thank you. The next question is from the line of Sandeep Shah from RBS. Please go ahead.

Sandeep Shah: Just wanted to check about, what is your feeler about the deal pipeline and is there any change which you have witnessed in terms of the nature of the demand or in terms of decision-making or a deal size in the last two to three months?

Atul Kunwar: The pipeline as we are seeing is pretty much in sync with what we expect in this quarter and we analyze the previous year, it will be similar kind of structure as well as the size of deals. So there is nothing really significant to report as far as that is concerned.

Sandeep Shah: C.P. Gurnani's comment about some decision-making delays which are happening, so is the management reconsidering the growth visibility for the full year of FY2012?

C.P. Gurnani: All I said is that, it is the industry phenomena when it comes to application management contracts, the decision-making is much faster when it comes to discretionary spending, the sales cycles are longer, but frankly, we have factored that into our sales plan, what we do not have a clear understanding and we would appreciate some feedback from you guys also, a clear understanding of, will the S&P rating impact the overall sentiment, because we have not had a time to talk to our customers and where the customers that we have spoken to have not raised any flag at the moment, but we will appreciate some feedback because obviously we had not planned for the credit rating of the US government.

Sandeep Shah: And sir, in terms of increase sales cycle, is it something different versus one month ago or two months ago or this is what you have seen….

C.P. Gurnani: I reaffirmed the trend that we have been observing. And I have had a chance to share notes with a few other industry stalwarts, and they have more or less reaffirmed the same.

Sandeep Shah: Is it a trend which has been changed recently or this is the trend which you are witnessing in the last three to six months?

C.P. Gurnani: I think I told you that, I factor it into my business plan. So obviously it has been there for the last four, five months.

Sandeep Shah: And just an update in terms of cash and bank. You said that it does not include the class action suit. But does that mean that it is just a transfer from India to abroad and still sitting as a cash equivalent in our escrow account outside India?

Vasant Krishnan: Yeah, correct, you are absolutely right. There are two stages to this class action suit. The first stage is a preliminary approval. When you get a preliminary approval, the money moves from an Indian escrow account to an escrow account that is established in the US. The Second stage is the final approval. Upon getting the final approval from the court, the money is then distributed to the client. The final approval is awaited.

Sandeep Shah: And does the settlement have any impact because of the ADR wind down which we are planning?

Vasant Krishnan: This class action is closed. That is a settled proceeding.

Sandeep Shah: So this will not have an impact of this?

Vasant Krishnan: We do not think so.

Moderator: Thank you. The next question is from the line of Nihar Shah from Enam Holdings. Please go ahead.

Nihar Shah: I just had one question and this is regarding the ADR. Just wanted to understand how the delisting of the ADR in the United States would impact your planned merger with Tech Mahindra in terms of timeline? Do the old timelines of trying to look at the merger in the next financial year still stand?

Vasant Krishnan: Let me take this one. First of all, the ADS's were delisted from May 2011. The ADS and the underlying equity shares are registered with the SEC. Because they have registered with the SEC, the facility is now available for ADS holders to trade in the OTC post the delisting. Now, what we are proposing is to wind down that ADS program in a structured manner over a period that would give sufficient time for the ADS holders to exit. So once that program ends, and the ADS is completely unwound, then we would get into what is called a revocation of registration with the SEC. Once that happens, we will no longer be a SEC listed company, so this has got nothing to do with the merger per se, they are on two separate tracks.

Nihar Shah: Actually wanted to get a sense in terms of timeline, so the winding down of ADS and the revocation of registration, what is your estimated timeline for that and can you proceed with the merger plans prior to getting the revocation or that is not possible?

Vasant Krishnan: We are yet to engage with the SEC on that particular aspect. But to answer your first question, we expect the wind down to happen over a period of seven months. Therefore, by around say mid-March to end-March 2012, we should be able to wind down from the ADS program completely.

Moderator: Thank you. The next question is from the line of Pinku Pappan from Nomura Securities. Please go ahead.

Pinku Pappan: Just a couple of book-keeping questions really. Can you explain why the depreciation and amortization charges went down by 14% this quarter?

Vasant Krishnan: It is a minor dip, but the reason why it went down is because we depreciate our plant and machinery with “computers” with the useful life of three years. In this quarter we had a whole house of computers extinguishing their useful lives and therefore, we saw that there was no need for any further depreciation on them. That is one of the significant reasons why it went down.

Pinku Pappan: And on subcontracting expenses, that was down 6% in the quarter, as a percentage of revenues, do you expect this quarter levels to sustain going forward, I mean what is your view around using subcontractors, is it going to increase more onsite projects?

Vasant Krishnan: Without getting into what will happen in the future let me explain to you as to how we deal with subcontracting. For us subcontracting and our personnel costs are always together and we look at that as a metric as C&B cost, and that percentage as you know has been coming down. Now, we could get into a situation tomorrow, if the need arises to go back to a subcontractor especially for example, a specialized fixed bid engagement that requires the use of a subcontract rather than having people full time on our rolls. So that is the decision that management would take on a case-by-case basis going forward. It is very difficult to predict how each component would behave but we would rather look at it together.

Moderator: Thank you. The next question is from the line of Pankaj Kapoor from Standard Chartered. Please go ahead.

Pankaj Kapoor: Just wanted to get a sense on the EBITDA margin, we have improved by almost over 8% in fact in the last two quarters, given that you are talking about wage hike coming in the next quarter. What is your sense in terms of for the full year, where do you see margins stabilizing and given the current environment, what levers do you see will be coming into discount or neutralize the impact of the wage hike that you will see in the subsequent quarters?

Vasant Krishnan: Pankaj, let me without getting into forward-looking statements, take you back as to what we have achieved over the past three quarters. What are the levers that we have used? Revenue growth – Quarter-on-quarter if you look at Q3, Q4, and Q1, we have consistently hit a volume growth of around 4%. Look at our C&B cost as a percentage of revenue. Consistently coming down from 77% in Q2 to 73%-odd in Q4, again down to 70%, now we are somewhere in the 70s%. If you look at our administration cost, we have been showing continuous improvement in that region also. So there are a number of levers that we have been pushing together. But there are a number of moving parts also. Revenue growth, broadening the pyramid, increasing utilization, moving to offshore, changing business mix, and all of these are levers that we will continuously push to get to our desired EBITDA margin.

Pankaj Kapoor: So sir, on a full year basis, can you give some sense where do you see a stable margin coming in that?

Vasant Krishnan: Pankaj, we cannot really give you any clear indication of a number. I am just telling you what are the kind of levers that we will push to get to the numbers and to get to the stability that we have already achieved.

Moderator: Thank you. The next question is a follow-up from the line of Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: Hi, just wanted to continue a bit on the personnel cost which is about 70% of overall revenues and the target is about 60%, just wanted to understand what are the various levers you would operate and I presume pyramid would be one of the important levers. I just wanted to understand where we are in the pyramid and what kind of fresher intake you are looking, maybe for in FY 12 at least?

CP Gurnani: Again, I do not want to say that the target that we have today, it is a continuous journey and we have not declared what our target is for the C&B. All I can say is that the important lever is obviously the revenue growth and the second important lever is the talent pyramid, and we will be working on both of them.

Srivatsan Ramachandran: Anything on what kind of intake you are looking for FY12, on the fresher side at least?

CP Gurnani: Anything which translates into a forecast, we are a little shy of giving.

Srivatsan Ramachandran: And then in terms of tax rate, this quarter was pretty low than what at least some of us were expecting, so just wanted to understand is there some number you could give us, so that we can model around for tax purposes?

Vasant Krishnan: The taxes are low, because of the unabsorbed losses that we enjoy, we are in a situation where we are the minimum amount of tax and then we also get credit for some unabsorbed losses, that is why you are seeing an effective tax rate of 15%. If you ask me as to what will be the rate now going forward, I would put it in the range of 15% to 18%.

Moderator: Thank you. The next question is follow-up from the line of Sandeep Shah from RBS, please go ahead.

Sandeep Shah: Just on the ADR wind down, is there a possibility that there would be a cash outflow from Satyam in terms of a buyback or that we are not giving as one of the alternatives?

Vasant Krishnan: There would be no cash outflow.

Sandeep Shah: Okay, secondly in terms of tax rate for the next year FY13, do you expect this tax shield which you have through unabsorbed losses to continue?

Vasant Krishnan: At this stage we are not even looking that far ahead. I am just giving you a sense of this kind of tax rate I am seeing over the next four quarters.

Sandeep Shah: Okay.

Moderator: Thank you. The next question is from the line of Sathyanarayan M from Cholamandalam Securities. Please go ahead.

Sathyanarayan M: I have one question with regards to IT budget. Forrester Research hinted a cut in the IT budget. So what kind of commentary you get from your clients side?

Atul Kunwar: We are still to see this in action at this stage, that projection and the prediction that come across just recently. So let us see how the market reacts to it, at this point we have not seen a dip in it.

Moderator: Thank you. The next question is from the line of Dipesh Mehta from SBI Cap Securities. Please go ahead

Dipesh Mehta: Yeah, sir can you share the DSO days for the quarter? And one more thing about the cash balance, can you share closing cash balance including escrow and excluding?

Vasant Krishnan: The DSO has been 101 days a tad higher than what we had last quarter. The cash balance is around 1800 crores, that does not include the investments. If we include the investments of 350 crores, it comes to totally around 2150 crores. And in the escrow, we have got 339 crores, which is really the Upaid escrow.

Dipesh Mehta: And last thing is about the Aberdeen UK notice, that Aberdeen US action is included in this 283 million loss or no?

Vasant Krishnan: No, the Aberdeen US action is a separate action.

Dipesh Mehta: And Aberdeen fund loss, what is mentioned is totally different than the notice?

Vasant Krishnan: There are two different entities. Aberdeen US claims is a claim by the US funds and the US investors.

Moderator: Thank you. The next question is from the line of Kawaljeet Saluja from Kotak. Please go ahead.

Kawaljeet Saluja: Hi, my question is what is the nature of unabsorbed losses on which you are getting a tax shield?

Vasant Krishnan: As per the law, when you are in the MAT, you have unabsorbed losses and unabsorbed depreciation whichever is lower, you can take credit for that.

Kawaljeet Saluja: No, actually I am still not clear. What is the nature of loss on which you are getting tax credit rather a tax break, whichever way you want to look at it?

Vasant Krishnan: There are business losses or unabsorbed depreciation when you compute a MAT on book profit, you can compute it on the book profit in case of deduction of unabsorbed losses or unabsorbed depreciation whichever is lower.

Kawaljeet Saluja: No, my question is that, were there any losses reported because as I look at numbers you have been reporting profit –

Vasant Krishnan: They are carryover losses of the past.

Kawaljeet Saluja: For which year?

Vineet Nayyar: 2010 prior to that.

Kawaljeet Saluja: Are you taking extraordinary whatever losses at the time of fraud disclosure, are you taking the tax credit on that --?

Vasant Krishnan: We are being conservative, while we maybe claiming it in the return, we will not claim that for these purposes.

Kawaljeet Saluja: And what is the quantum of these unabsorbed losses?

Vasant Krishnan: We do not want to get into that level of granularity but if you want you can just drop us a line, we will respond to that.

Kawaljeet Saluja: And second, what is the process of wind down of ADR and would there any cash outflow involved in it, is it the nature of a buyback or how this process will play out?

Vasant Krishnan: There is no cash outflow for the ADS wind down. What we are proposing is that right now ADS are traded in the OTC, we will subject to the SEC consent, provide a window period of seven months that is why I said in March, by which time the ADS holder continues to trade in the OTC and exit in an orderly fashion. If there are any outstanding ADSs at that particular point of time, then there is a mechanism provided for them to liquidate and then the proceeds will be distributed to them on prorata.

Moderator: Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: First, what is the status of the Aberdeen action and does it have any status impact from the SEC delisting?

Vasant Krishnan: There is no link between the Aberdeen US action and the SEC. They are completely two distinct matters. As far as the US action is concerned, we have filed a motion to dismiss the US action claim, that motion is pending.

Rahul Jain: So even if it is pending at the moment of delisting, delisting can still go on despite this?

Vasant Krishnan: Absolutely, they are completely distinct matters.

Rahul Jain: And secondly, I missed the number on the offshore hike which you said.

Vasant Krishnan: 12% on offshore.

Rahul Jain: And on the previous question about the possible outgo, I still did not get it, there is a window to convert --

Vasant Krishnan: There is a window for them to trade, so, there would be people who have the ability to be able to convert their ADS into other line equity shares in the country and therefore they could be buyers. The whole idea was to give them a facility to be able to wind this down in an orderly manner.

Rahul Jain: So in case nobody takes action, what happens?

Vasant Krishnan: That is a little hypothetical at this stage. We will give people seven months to wind down and so people would take the opportunity to exit the system in an orderly fashion. That is the hope. That is the reason, why we have given that much time.

Rahul Jain: Let us assume 1% stays?

Vasant Krishnan: If 1% stays, for all of that there would be a mechanism by which those ADSs will then get converted into underlying equity shares, they would be then sold in the market and then proceeds will be distributed back to them.

Rahul Jain: So we will convert into Indian shares and then we will probably sell out and the proceeds will be given to the people who have not converted?

Vasant Krishnan: Correct.

Rahul Jain: It is a compulsory acquisition and redemption.

Vasant Krishnan: Yeah. It will not happen in the US market. The underlying equity shares will be sold here.

Rahul Jain: Okay.

Vasant Krishnan: There is already a detailed Q&A that has been posted on our web site. So maybe you refer to that and I think there is a process outlined in greater detail.

Moderator: Thank you. The last question is from the line of Hardik Shah from KR Choksey. Please go ahead.

Hardik Shah: Sir, can you throw the light on timeline you will take to get merged with TechMahindra?

Vineet Nayyar: We are still looking at it and looking at various options, but it is our understanding that the timeline is about 7-8 months.

Moderator: Thank you. I would now like to hand the floor back to the management for closing comments. Please go ahead sir.

Vineet Nayyar: Folks, thank you very much for joining this call. We appreciate your interest in Mahindra Satyam and hopefully our answers have been adequate and given you the information which is needed. Nonetheless, if there are some questions which have been unanswered or not in the detail you would wish, please do write to our Chief Marketing Officer, Hari_T@mahindrasatyam.com and we will be delighted to respond.

Moderator: Thank you gentlemen of the management. Ladies and gentlemen, on behalf of Mahindra Satyam, that concludes this conference call.

[Note: The transcript has been edited for improved readability.]