



Mastek Limited

# ## # # #

TFD0630B132.33

Km 39-3132

<b>Listing Department</b> <b>BSE Limited</b> 36 <sup>i</sup> Gpp - Q j p f Kfkfci p p f E brbnl ff - Gp N ncbj. 511 112 fnOp/133. 33834232 Gb Op/133. 33832: 2 <b>SCRIP CODE: 523704</b>	<b>Listing Department</b> <b>The National Stock Exchange of India Limited</b> F di boh Qrh b-D. 2-Cpdl H- Cboe bL rhDpn rfi - Cboe b)F -N ncbj. 511 162 fnOp/ 133. 376: 9211 Gb Op/133.376: 9231 <b>SYMBOL: MASTEK</b>
---	---

Efb Tj) (N b bn) -

**Sub: Earnings Conference Call Transcript – Q1 FY22.**

ji fgf fodf p p M f f Op/TFD0630B132.33 eb fe Km 9-3132- rfb f gje fodrp fe if f ji if dbm bo dj pg if Fbojoh Dpogf fodf Dbmi fna po if gjobodjbm f gp n bodf gp if R b f foefe Kof 41-3132-po f eb -Km 31-3132/

if bo dj pg if dpogf fodf dbm dbo bmp cf bddf fe gpn if fc jf pg if Dpn bo b [/n b fl /dgn](#)

Sf f p p blf if op f pg if bcp f/

i bol joh p -

p gbji g m-

For Mastek Limited

  
**Dinesh Kalani**  
Company Secretary  
FodmB0B





Mastek Limited Q1 FY22  
Earnings Conference Call

**July 20, 2021**



**MANAGEMENT:** **MR. ASHANK DESAI – VICE CHAIRMAN & MANAGING DIRECTOR, MASTEK LIMITED**  
**MR. HIRAL CHANDRANA – GLOBAL CHIEF EXECUTIVE OFFICER, MASTEK GROUP**  
**MR. ARUN AGARWAL - GLOBAL CHIEF FINANCIAL OFFICER, MASTEK LIMITED**  
**MR. ABHISHEK SINGH - PRESIDENT, UK BUSINESS OF MASTEK**  
**MR. UMANG NAHATA – CEO, EVOSYS (A MASTEK COMPANY)**

**MODERATOR:** **MR. DIWAKAR PINGLE, CHRISTENSEN ADVISORY, INDIA**

**Moderator:** Ladies and gentlemen, good day, and welcome to Mastek Limited Q1FY22 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. Should 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 Mr. Diwakar Pingle from Christensen Advisory, India. Thank you and over to Sir.

**Diwakar Pingle:** Thanks, Lizann. Good evening, good afternoon, good morning to wherever you are logged in. Welcome to the Q1FY22 earnings call of Mastek. The results and presentation have already been mailed to you and you can also view that on our website at [www.mastek.com](http://www.mastek.com). In case, anyone does not have the copy of the press release and presentation, please do write to us and we will be happy to send the same to you.

To take us through the results today and answer your questions, we have the top management of Mastek represented by Mr. Ashank Desai - Vice Chairman and Managing Director, Mastek Limited; Mr. Hiral Chandrana - Global Chief Executive Officer, Mastek Group; Mr. Arun Agarwal - Global Chief Financial Officer, Mastek Limited; Mr. Abhishek Singh – President, UK Business of Mastek and Mr. Umang Nahata – CEO, Evosys (a Mastek Company).

Ashank will start the call with a brief overview of the quarter which will be then followed by Hiral who will share his experience of joining Mastek. Arun will then give us the financial update. Abhishek will talk about the business update of UK and then Umang will kind of round it off with the update on the Evosys business, post which we will take the Q&A session.

As usual, I would like to remind you that everything that is said on this call that reflects any outlook for the future or which can be construed as forward-looking statement must be viewed in conjunction with the risks 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 subsequent annual report that you can find on our website.

With that said, I would now hand over the call to Mr. Ashank Desai. Over to you, Ashank.

**Ashank Desai:** Thanks. Good day to all of you to be present on this conference call. You already know the people who are present here. Specifically, I would like to welcome Hiral Chandrana - Global CEO, joined us on 6th July. He has experience of around 14 years in Wipro where he ultimately was managing \$3 billion business which he moved into digital in a big way and before those another 6 years in EDS, which became part of HP.

I just was looking back to the quarter, and I must say that I am extremely happy that it is one more step in our journey to become a major digital transformation company from India for the global market. This journey we started of course 4-5 years ago when we were one-third of our size probably and the journey is very satisfying. If I look at this quarter, of course, I will look at it year-on-year numbers because that gives a good comparison, for first time it is without any impact of the acquisition numbers. So, year-on-year, revenue growth constant currency is 27%,

industry leading number, profits have grown more than 72%. The order backlog is again grown at 54% and our pipeline is exceeding all these numbers in fact. So, it is very satisfying to see our annual first quarter to move in the direction that we want to move ahead during this quarter, next three quarters and years ahead. So, I will spend very quickly what we are doing to make that happen.

There are three things that we are doing to make that happen. One is, build our capability to deliver this digital transformation results, one of them of course is to hire number of people. We have added close to 520 people this quarter which is almost half of our total addition last one year and also almost 12-13% addition to our existing staff, but more important we are building digital capabilities of all these people. By training them, we have created a training engine to make it happen and that is very important input for our future growth. We are doing that with additional investment in delivery organization to build practice lines and so on.

The second part which we are investing to build the growths of tomorrow is building the leadership. We have built new leaders in our delivery organization, building practice lines under the delivery organization, building technology capabilities under delivery organization, new innovation organization and also CIO organization to make us digital and it ends with this quarter with Global CEO, Hiral with his great experience in digital and his leadership, we are looking ahead.

And the last point on building the organization for tomorrow is about building the marketing sales engine. We, of course acquired Evosys business, which itself is growing fast, but what is more important is we are adding customers, 40-50 every quarter which we were not doing before this, but what is more important is to build an engine to convert this into a much larger customer business through digital transformation offering and that is what has happened very well this quarter. We have more than 10 customers who are already doing in that journey and many more to come, so we are fine honing his ability to what we call cross sell and co-sell. One good example of it, is these \$6 million accounts that we got in Europe, which was jointly sold by the team Evosys and Mastek and we would not have got it otherwise. So these are good examples of synergy. So, building capability, building leadership and building synergy, that is what we want to invest throughout this year, so that we move ahead and be ready not only for next quarter, but next few years. So, I will stop here. I will pass it onto Hiral.

**Hiral Chandrana:**

Thank you Ashank for the welcome as well as warm introduction. Good day to all. Given it is my first time since joining Mastek, let me share a few thoughts for the short term as well as for medium term and beyond. First of all, I would like to thank my leadership team, some of them are on the call today and the Board of Directors for making me feel at home. In my first two weeks at Mastek, it has been action packed to say the least. Also, I want to take this opportunity to thank our customers for their trust in Mastek and the 4,300 now Masteekers across 41 countries for executing successfully in these challenging times. As Ashank mentioned, I have significant experience in the US market, I have been in the US for about 26 years, 14 of them have been in Wipro, last 10 years, I have been handling global P&Ls, global large businesses across different industries, across different service lines and digital services. I am very pleased

to see the depth of experiences in Mastek as well as the strong value system and the governance practices.

As many of you know, Mastek has got an amazing history for delivering innovative business solutions over the years. We have strong customer satisfaction and advocacy, but many of our customers have also evolved in the last one year during this pandemic time, so in the next 60 days or so, I plan to interact with as many existing clients as possible, either virtually or in person wherever appropriate. As you also know 80% or greater than 80% now of our business is in Cloud and Digital, so we have a fantastic foundation to scale in this digital transformation, wherein Ashank very well summarized some of the investments that we are making. Under his leadership, last couple of quarters, the leadership team has created a very solid 3-year strategy. Over the next two months, we will work to refine and strengthen that a little bit particularly as it relates to pan-Mastek, cross-Mastek global initiatives with a very rigorous plan to execute on that strategy.

Shifting to H2 and beyond, given the size of the US market, all of you know the potential, so I won't speak about that much in terms of market size, but we believe there is significant untapped potential for accelerated growth in the Americas across different industries. We are seeing some very good diverse wins already, just 2 or 3 different dimensions to that. Ashank mentioned about the cross sell and some of these larger deals with Evosys and the broader Mastek services. One of the media companies we have recently won, where our solution included a Salesforce customer, CX front-end, integrated with Oracle back-office cloud, which is a great example of our joint strategy yielding result.

The second dimension is betting on a few verticals. While in the US, we have strength in retail and manufacturing already, we see healthcare and life sciences as the key industry vertical where we have already started winning deals. So, there is a life sciences, medical device customer, where we have a customer experience win recently as part of our D2X strategy. There is another healthcare group consisting of nurses, therapists, where we provide quality care to the local hospitals and healthcare agencies. So some really great examples of wins and momentum in the healthcare market.

Now, looking at globally, we definitely have intent to penetrate the Fortune 1000 customer market in a big way. It is not going to be easy, but we have some elements that are already in place and over the next few months we will put and strengthen that together, along with our partnership ecosystem and some of the investments that Ashank alluded to, to get more penetration in the Fortune 500 and Fortune 1000 customers.

Abhishek and Umang will cover the UK business as well as our Oracle Cloud business, but I am particularly excited about the private sector progress in UK as well as some large deals that we are closing in the Oracle Cloud services, including what we call as day 2 services in the post implementation and managed services area.

As we look ahead in the medium term, we have a great opportunity to engage with our customers in different engagement models, different outcome driven models, engaging a mobile workforce, leveraging more AI and automation in our services. So all in all, very excited about the unrealized potential at Mastek. Over the next few days and weeks, I look forward interacting with many of you. Thank you again to our investors and analysts who supported Mastek through these years. I will now turn it over to Arun for financials. Thank you.

**Arun Agarwal:**

Thank you Hiral. A very warm welcome to everyone on this call. Extending from what Hiral and Ashank mentioned in terms of the business and the outlook in terms of what we want to create Mastek as an organization, let me take you through very key highlights of this quarter's financial performance. To be specific, our operating revenue for this quarter stood at Rs 516.5 crores which is up 6.9% quarter-on-quarter and 33.8% year-on-year. If you split in terms of geographical segment, you will notice our UK business has grown by 43.8% year-on-year and 7.3% sequentially. US revenue has increased by 20.1% year-on-year and 12.2% sequentially. Middle East is lowered by 4.3% quarter-on-quarter and 19.5% year-on-year while APAC and other segment have grown up by 7% quarter-on-quarter and 30% year-on-year. So, if you notice growth in UK and US is driven by both digital services and also Oracle ERP Cloud services, while Middle East degrowth is more driven by right shifting of certain contracts due to high sickness and travel restrictions to get resources onshore, while APAC growth is driven by Australia and other South Asian countries where Oracle ERP implementation is getting strong traction on the back of proven technology where Mastek is able to deliver outcomes to our customers.

In terms of operating EBITDA for the quarter, it was at 21.8% versus 21.9% in the last quarter reflecting 419 bps improvement year-on-year, PAT stood at Rs 80.2 crores, up 6% quarter-on-quarter and 72.2% year-on-year. Our gross cash stood at Rs 960 crores versus Rs 849 crores in the previous quarter while cash net of debt stood at Rs 703 crores versus Rs 539 crores at the end of 30th June 2021. We added Rs 115.4 crores in our free cash flow which reflects 144% of our net income, strong collection and others which led to the growth in our cash and free cash flow for the quarter. During the quarter, we have added 40+ new customers reflecting 12 months order book at \$158.4 million which is up 54% year-on-year and 4.2% sequentially. Our headcount stood at 4,302 as on June 2021. As Ashank mentioned, it reflects 500+ resource addition during the quarter.

If I had to sum up all this mentioned number with the business, this is another quarter of consistent financial performance which we are able to deliver on year-on-year and quarter-on-quarter basis. One more fact to state that our year-on-year numbers are fully comparable as Evosys acquisition was completed and consummated in the Q1 of the last year and hence when we talk about year-on-year number, it is fully comparable. We are seeing growth across all the verticals and geographies

To sum up, the quarter has been positive both from topline and bottomline perspective as our order backlog is strong which is giving us a good lead indicator in terms of delivering the consistent growth.

With this, I will hand over the call to Abhishek to take you through more in terms of business update and we can pick up if any specific questions you have in Q&A. Thank you for your support and trust in Mastek.

**Abhishek Singh:**

Thank you Arun. Hi everyone on the call. Quick view of our UK and US organic business. Our organic business across these two geographies clocked healthy topline growth. Our UK business grew by almost 31% year-on-year and right around 6% quarter-on-quarter as well in constant currency terms.

Our focus on building enterprise business in UK has yielded its first set of results as Hiral alluded to in his narrative. We acquired three new customers in the geography during the quarter and which included one very prestigious insurance client as well. Cross-sell and co-sell momentum has also gotten forward, especially with the new team there and the dedicated set of people working across the aisle to drive that forward. We were assigned a preferred supplier status by one of our large customers and from which the revenue is expected in the coming quarters.

If I move my traction towards the public sector, public sector has maintained its traction with robust demand environment. Pipeline has grown at a very healthy pace and secured government business. The logos like Home Office and HMRC have added quite few opportunities and healthcare space continues to kind of, drive that momentum. However, a marquee stop there to note that decision making has been slowed during the quarter and we expect some major adjudication in the coming quarters. That said, we continue to solidify our sales engine both in public and private sector. We added few headcounts in both the sectors to increase our field's sales force coverage.

If I look at the US business quickly that has also come back into the growth mode with revenues growing right around 6% quarter-on-quarter. We added 6 new logos in the geography and these are all from diverse verticals including manufacturing, logistics and grocery retailers. We had outlined earlier as well that we want to diversify our client base out of the retail and these wins reflect that trend. Cross-sell and co-sell continues to get traction in US geography as well, three new deals signed into the Evosys customer.

I would like to conclude by sharing the fact that we have had good headcount addition as well in both the businesses, with 30% of those in being graduate trainees to ensure that fulfillment continues to be seamless, and we would say that the overarching team continues to be fulfillment and retention in the immediate term to ensure that the business and the growth remains unfettered.

With that, I would hand over to Umang for his views from the Oracle side of the business. Over to you, Umang.

**Umang Nahata:**

Thank you Abhishek. Hi, everyone, good day. Hope you are all doing fine, staying safe. So, on the Oracle side of the business, it has been a phenomenal quarter, very eventful from various aspects. It is a quarter where we have had our highest value in terms of order book that we have ever had over the years of Evosys existence and not only has those order book been in terms of volume, but also in terms of the size of deals that we are seeing are significantly moving up, so the average deal size have been constantly going up and this quarter is definitely a standout as far as that is concerned. We added 9 new customers who were in the million-dollar plus kind of range, including 2 cross-sell transactions, one of which Ashank alluded to was around \$6 million plus transaction out of Europe. Also, the general business trend in terms of focus and investment is continuing to grow, so we are seeing really good momentum. Oracle declared really strong Q4 result and lot of that is also reflected in the way our business is currently shaping, all around, all across in terms of the amount of new order book and the amount of execution and successful execution that we are delivering all across.

Currently, we are also heavily planning in terms of our future and really building up the way forward. So, one of the most important initiatives for us right now is building up our team for the future, so building up our supply chain to execute the kind of growth that we are really delivering. We are looking at building a team of 500+ new domain experts and graduates, who would be trained on the Oracle product and build a strong capability team from where we are today.

On overall basis, we continue to focus on the top 5 strategic agenda that we had shared out with you over the last two quarter calls and we continue to focus on those 5 agenda itself. I will just recall and reshare some statuses on those - so first was around delivering a value based and outcome-based delivery. We continue to invest on that particular program and we are now targeting to move almost 15% to 20% of our install-base in this year on that kind of a program in terms of where we are delivering measurable outcome, a value-based delivery to them. North America and Europe continue to be the growth initiatives and growth engines for us with significant headroom to grow. We have performed more than 100% growth in both these regions over the last 12 months and we are looking for a similar growth over the coming 12 months in these two geographies and our investments and the whole approach and focus is aligned to that.

The other big area for us that we are seeing growth in is going to be managed services or day 2 services. We are calling it application enhancement services, which is where we are not just looking at supporting the customers that have been implemented by Evosys in terms of the transformation to cloud, but also looking at targeting customers who have not chosen Evosys, but have chosen say the big 4 or the big 5 consulting firms in terms of their implementation partner, but we see a good market for us to go back and win managed services business on those account and not just deliver like some kind of approach, but deliver continuous enhancement and a value based delivery to them too. So that is another area that we continue to focus on and we have seen good traction on that area.

The next key strategy that we have been continuously evolving and growing on is around our verticalization, Hiral alluded that we are looking at moving into the Fortune 1000 kind of market

and verticalization is our key approach to go to that market. Clearly, we have already organized many of our geographical teams within the geography to be vertical focused, so North America team is going to be completely vertical focused now. The UK team was always vertical focused and therefore we are now narrowing down on the top 4-5 verticals that we are really going to invest in and we see that we are going to move up the chain in these verticals, healthcare, life sciences, manufacturing, public sector, E&C etc.

The last and not the least is our SAP attack or SAP Compete strategy and that continues to have really great traction within the Oracle world and we are very much renowned by Oracle as one of the top partners as far as the SAP Compete business is concerned and our pipeline on the SAP Compete business continues to grow significantly and we are hoping to see some significant wins coming out from that SAP Compete market also as we move forward.

So, all in all it is raining not just in India but raining in terms of orders and value all across the business and it is the time to really invest, build up more capability and deliver to the business growth that we are seeing here. So that is broadly where we are in terms of the Oracle business and I will now pass this back to Diwakar and Asha for the Q&A sessions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

**Baidik Sarkar:** Congrats on a great quarter. Couple of questions. Abhishek, first thanks for opening remarks. But, how would you like us to understand with some greater degree of granularity, the incremental digital spend you are seeing in the UK government cohort? And importantly, how do you think we are placed to increase our market share, given how tiny we might be in the scheme of things? You did cover the macros, but some granular tailwinds you are reading would be interesting to understand?

**Abhishek Singh:** Baidik, thank you for your question. Absolutely the UK public sector space is buzzing with opportunity at this point of time, the digital transformation opportunity within the government space. The government stated objective of digital by default and digitalization of the citizen services are ensuring that enough and more demand is coming in our direction. This is also coupled with the fact that certain customers like HMRC in particular have had lot of 10-year billion pound deals or agreements coming to conclusion which are now being fragmented and disaggregated and offered to niche and smaller players, so whichever way we dissect it Baidik, the opportunity and the customers that we service are growing exponentially and our stated strategy of deepening the customer relationship and widening the customer base, so these are the flavors on deepening the relationship. If I look at the wider customer base, there are identified departments where we are making the pitch and these are the ones which are impacted by Brexit and they need to do few things between now and 31st December to get the nation ready for post-Brexit world. So I would say that opportunity wise, it is fairly rich and similar, I won't say it is

So there too, there is a demand for digital services to drive in a degree of efficiency and enhance the competitiveness. So all in all, Baidik I would say that that the demand environment is robust.

**Baidik Sarkar:**

Sure. Is there an indicative big pipeline that you see materially up Y-o-Y basis? And the corollary to that question is, do you see increased competitive intensity because we see a great deal of vendors focusing on that exact cohort. So the opportunity pie might be large, but then denominator might be increasing by the day by day, how would you address that?

**Abhishek Singh:**

The vendor competitiveness has not really changed the landscape is pretty much the same. The large players and the niche players that we come across are pretty much the same, however, I would like to mention that some of the opportunities coming in, especially in HMRC space that I mentioned about, this is one of the most sophisticated outsourcers and it is used to being serviced by one of the most matured vendors, the likes of the absolute tier 1s in the international market, so when those opportunities are coming up, the incumbents are trying to make it difficult and the niche players like us will have to raise our game, both in terms of capability and capacity to address even the disaggregated chunks coming out of those contracts. That is the way we are looking at it, Baidik.

**Baidik Sarkar:**

That's helpful. Umang, thanks to your remarks as well and I think to ask this question to you every time around which is two years out, would you be concerned about maintaining this high paced, project related work. And the corollary to that question is, what is the services/annuity run rate within these business pie as things stand today in terms of numbers and how do you see the non-project revenue base evolving?

**Umang Nahata:**

So Baidik, I think part of the answer is there in the question that you have asked. So long-term view, of course the transformation business is peaking, and it will continue to peak for the next few years, but yes over a period of time, long term, I don't know whether it is 2 years or 5 years, there will be a space where the transformation business will gradually try to plateau down unless there is some other transformation that comes up by then. But our plan and strategy is therefore to add more and more managed services or the application enhancement services to our kitty. The amount of application enhancement services that we are currently seeing in demand is phenomenal, primarily because of the fact that the products that we are implementing is not like you once implement it and you are done. These are getting updated every quarter and the kind of technology change that we are seeing is phenomenal. So, the kind of work that we are getting in terms of the enhancement and the maintenance of the application is consistently growing and we are seeing those kinds of customers not only in our installed-base but beyond our installed base also. So, our long-term view is to keep adding that kind of application enhancement or managed services business to our portfolio. Currently, it is at around 30%, our vision is to bring that to around 50% over the next 2 years and that is the future that we are trying to see because all the customers that you are adding are not just customers for now, but they are customers for long-term future for Evosys and for Mastek. So through its application enhancement to add then as well as acquiring new application enhancement customers wherever they have not chosen as their partner for transformation today.

**Baidik Sarkar:** Sure, helpful. Hiral welcome to the fold, so very broadly how would you summarize Mastek's right to win in the North American market? And as a part of your immediate deliverables, would you have clarity on the practice lines that you would like to build as in package implementation versus safety or services? How would you like us to understand the focus areas in the short and medium term?

**Hiral Chandrana:** There are two parts to that question, the right to win, let me take a step back, there are elements of digital services around what Mastek has been delivering for customers as you know over the years, I think that is still a core part of the AppDev Digital transformation that customers are going through. Over the last year, as you know through this pandemic, many operating models have changed with the digital commerce initiatives that our customers are driving and we have a very solid strategy in that area called D2X which is direct to stakeholder, direct to customer, direct to supply, direct to even any other stakeholder in the organization. That is starting to yield some really good results as Abhishek also mentioned earlier and we have seen some good large wins and we expect to see more. The third part is what Umang alluded to with respect to broader Oracle managed services, day 2 services and some of the cross-sell that Ashank was mentioning. So, the reason I am recapping that is we have those elements, we have those pieces if you will of the right to win. I think the focus is in the next couple of quarters is to integrate that to create more large deals, integrate that to create more penetration into the Fortune 1000 customer base as I mentioned earlier and we have a good foundation in place. Now, very quickly on your service line sort of practice capability question, clearly there is an element of Cloud and data transformation that is going through with all our customers. So that is clearly going to be a focused area both on the platform hyperscalers as more customers invest in data monetization and AI. That is the key capability that we plan to strengthen in the coming months in addition to some of the digital and Cloud services that we already have. Hopefully that clarifies.

**Moderator:** Thank you. The next question is from the line of Mohit Jain from Anand Rathi. Please go ahead.

**Mohit Jain:** Hiral, just a follow-up on what you just said, I wanted to know more on your plans of scaling up in the US, like you spoke about verticals and all, but what could be the inorganic, organic component are you looking for M&A as an option to scale up quickly or would you first look at organic growth and then eventually go for inorganic? That is question one, second, this is for Abhishek, if you could share some outlook on the private sector in UK, we were building up some team there over the last two quarters, so what are the results and how should we expect this particular revenue stream to show up in the next year also?

**Hiral Chandrana:** Mohit, first of all thanks for your support towards Mastek, I think inorganic is always going to be an option as has been communicated in the past we are continuously evaluating option but let me first cover the organic element. As I mentioned earlier, we have the pieces, we have the elements of what it takes to be successful. We are seeing signs of diversification beyond retail and manufacturing like I said. The reason I picked up healthcare and life sciences as one area is because across the businesses and across the capabilities, we are seeing some good momentum that life sciences or even the core healthcare market and as you know in the US, the spend is significant. Another area is financial services, clearly that has been in the past strong area with

insurance and the Majesco business that we used to have, so that is something that we are evaluating as well, but the partnership ecosystem which we are starting to build on is going to be a critical part of the strategy as well. So, within Mastek, we are implementing various platforms ourselves, whether it is Microsoft, whether it is ServiceNow and others. And we are seeing signs where customers are asking us to deliver those integrated Cloud capabilities across applications, across platform. So, partnership ecosystem with some of the key Cloud players is going to be an important part of the strategy. As we have mentioned, when it comes to inorganic, we will continue to evaluate, it is going to be a parallel strategy, Mohit to answer your question. And data and Cloud are two areas that we are focused on right now, but we are going to evaluate some AI companies, we are going to evaluate some vertical specific companies as well as we go ahead.

I will turn it over to Abhishek on the private sector for UK.

**Abhishek Singh:**

Thank you Hiral. So Mohit, private sector, I would say is just as nascent as it gets. We have got our existing footprint is in BFS and Microfinance sector and some bit of retail clientele. So, the first part was about defend the estate and ensure that there was no degradation and as last year due to COVID as well as some of the internalizations, the estate had shrunk, but now this year, it is about defend and then build on it. And the head of private sector sales joined us in April and couple of other sales folks have also joined. So that is one part of the strategy. The other one is obviously leveraging the Evosys clientele for cross-sell and then eventually get into the co-sell mode of doing it together. So it is in the nascent stage to put it mildly and in coming years, we would expect it to be at the organization's growth rate at the bare minimum.

**Mohit Jain:**

Understood. That is also largely driven by UK actually, so you may sort of accelerate the whole thing. Next one is for Arun, on the margin side, this attrition thing is raising for everyone in the industry, also for us, so do you think during the years there could be a chance of wage correction, which Mastek may see and therefore margins may come down little bit from where you are currently?

**Arun Agarwal:**

Yes Mohit, precisely a right question as all of us are seeing that there is a good high attrition which is going on and as Umang also mentioned, we are building up the team for future growth, which is through the freshers and other competition, right, so yes, there will be some pressure into the margin Mohit, but our endeavor is going to maintain as we mentioned earlier in the FY21 level at least, so while the cost price is going to come through hike and through correction, we are planning to leverage our fixed cost as we grow and also rebalance our SG&A, so the part of those cost will also offset these operating levers and as I mentioned leveraging the growth. So there could be couple of basis points impact, but our endeavor is to maintain FY21 kind of a level, Mohit. Unless anything changes significantly in the industry, then we will speak to you, but that is how we see at the moment.

**Moderator:**

Thank you. The next question is from the line of Madhu Babu from Canara HSBC. Please go ahead.

- Madhu Babu:** Congrats on a strong execution and a directional momentum. Sir, just on the UK government business, we indicated some slowdown in decision making, last quarter, I remember we indicated good deal signings in the UK government, so how are they ramping up and is there a new team in place for UK government also or how is the team there? And second is on the hiring, it has been very good this quarter, so do we intent to keep this kind of momentum and what are the challenges facing for a company of our size in getting freshers, talent because there is a lot of competition for freshers?
- Abhishek Singh:** I will take the first question. Madhu Babu, the market or the sales team for the UK public sector is the same. All we have done is enhanced it for better coverage and newer areas or newer customers that we want to get access to, there is no change in the sales leadership, so to speak.
- Ashank Desai:** So as far the talent goes, as you know we are continuously investing into the new talent and to that extent we had added 500 people. Idea is to see that we take care of attrition and growth together and also focus on training the people to the new skills, because that is going to be very crucial in terms of what we do and how do we leverage what we have. In terms of number, I think we will calibrate them as we grow and as we look at the second half, we would of course staff for our next year growth.
- Madhu Babu:** Abhishek sir, so the UK momentum will be intact in the public sector because we indicated some slowdown in decision making in the opening remarks, so UK public sector momentum will be intact?
- Abhishek Singh:** Yes, the demand environment is robust, we are executing on it. All I wanted to give an indication was that there are macro environmental issues which do impact the speed at which we expect the businesses coming our way. But that said, there is the order booking and there is a backlog apart from all the stuff that is out there for adjudication. This was just a heads up from what is happening in the NHS space vis-à-vis UK government.
- Moderator:** Thank you. The next question is from the line of Ashish Aggarwal from Principal India. Please go ahead.
- Ashish Aggarwal:** Sir, just two things from my side, first is for Mr. Hiral, sir just wanted to understand given the fact that we need to expand in US and grow our non-government business significantly from here on, what kind of an incremental investment do you think need to be made or will that impact the margins over 3 to 5-year period? That is one and secondly, just on one data point, it seems like that in this quarter, the margins in the Middle East business dropped significantly, any specific reason around that?
- Hiral Chandrana:** So Ashish, the US expansion and the private sector UK expansion has got some similarities like you rightly pointed out. The capabilities that we have like I mentioned earlier, whether it is Cloud native development, app transformation, digital transformation services, UI/UX, digital, commerce, D2X as well as some of the Cloud implementation with Oracle and that Umang alluded to which is application enhancement, the various elements are there in place. So from a

capability enhancement perspective that is why I called data and AI and little bit more of a cloud platform play, those are the areas that we will strengthen from the capability aspect, but the synergies across pan Mastek, across different regions, across different business units, I think can be strengthened and that is where we are going to look at, a very rigorous service lined strategy as well as an integrated solutioning strategy because we are starting to see much more integrated deals, much more larger deals as was discussed earlier and in some cases it is a matter of having an operating model in place that can cater to that kind of demand. Ashank alluded to one of the large \$6 million deal that is a great example where it was multiple towers. Even in some of the deals that Evosys and the Oracle businesses won, there are multiple Oracle element, not just one ERP or one HCM tower, multiple aspects of Oracle, surround services around that with integration with data coming to play.

Same thing with private sector as Abhishek already covered, we see some good momentum, it is early day, but we have those elements in place which we plan to cross leverage across the globe, so I don't think there is going to be impact on margin per se because of that. And as Arun alluded to earlier, we have an operating rhythm in place to manage that at an overall level. I will turn it over to Ashank if you want to add anything on the overall strategy and then to Arun on Middle East.

**Ashank Desai:**

Yes, only one addition, Hiral you have covered well at operating and inorganic level we are going to do. The only investment that we would do obviously in the growth strategy of US is the inorganic growth and as Hiral also said we are looking at multiple companies and if the fit is right and it fits into our strategy of (A) building capabilities; (B) synergizing our digital transformation story. These two things are there, we would be happy to invest in US market for making that happen. So that obviously will have in terms of the cash that we have today.

**Arun Agarwal:**

Ashish, very quickly on the Middle East margin side, the lower margin is driven by the sickness, which caused both onshore and offshore which led to delay in project execution moving to the right, that led to margin erosion in the current quarter. Additionally, due to travel restriction as you would be knowing Saudi and other countries, there were travel embargo, which restricted our ability to transfer people from India. Typically, that is the model, however, some of the contracts that we need to provide people onshore, so we had to get into subcontractors model, and they become expensive. Again, that has also impacted the margin. Third, again since travel embargo continues and it is kind of relaxed again, depending upon how the COVID cases are going up, we are investing further, we had to invest into local hires as well to take care of the onsite presence requirement from the customer perspective. All this led to erosion in the margin, the margin should come back gradually to its normal level in couple of quarters because some of them are temporary and some of them will take little longer to recover.

**Ashish Aggarwal:**

Got it. And lastly, sorry, I am repeating a question which I think Mohit asked. So right now, there is no plan for a second round of salary hike, but you may decide it if the attrition keeps on going on, am I right in assuming that?

**Arun Agarwal:** Ashish, we had salary hike last year which was delayed and it was given effective December, this year salary hike, typically comes in quarter 2, so we are still evaluating and we are considering the option of giving the salary hike in quarter 2. More will conclude between now and the next month, may be 30 days, but there will be salary hike definitely and what I said to Mohit, again I am repeating the same thing, there will be hike and correction, but impact of those we are planning to mitigate with the help of the growth basically as the growth comes we are able to leverage our fixed cost and at the same time, we are able to rebalance our SG&A investment, so greater portion of those impact we will try to manage and also through the operating levers improvement which we are doing anyway from last 4 years.

**Moderator:** Thank you. The next question is from the line of NGN Puranik from Enam Securities. Please go ahead.

**NGN Puranik:** I have a question for Hiral, which is about the service line and capability, how do you look at expanding the deal sizes going forward coming from your background of a large enterprise, what do you think is missing in terms of adding new service lines to the portfolio and especially when you look at digital strategy, so where are you today? Say in terms of Cloud migration where are you and customer experience, Cloud migration I think you are significantly higher with Oracle around you are very significantly higher, from a customer experience big data and cyber security, these are the key elements which will in aggregate give you larger deals, so where are you and how will you fill up those steps?

**Hiral Chandrana:** Great question actually, so let me pick it up and Ashank, Abhishek, Umang feel free to add. So, when I look at the service line capabilities in transformation, there are three big buckets and I will spend may be a minute here, because I think it is an important part of our overall strategy. So there is the business transformation which is essentially driven by digital demand and the application services as well as the enterprise application business that we have. That does include Cloud, that does include ERP and various elements of enterprise apps. It also includes the application development, Cloud native development of application transformation. That is again very closely connected to business processes of the customer, so I will put that in the application transformation/ business transformation bucket. The second category is what we are calling intelligent transformation. Now, here the elements of data, elements of analytics and AI comes into play, there is an automation continuum which we plan to embed into every part of our delivery and customer engagement. So, this is the definite focused area back to our earlier comments as well where we plan to strengthen either through organic as well as the inorganic element. The last part is the experience transformation. Now in experienced transformation, we have certain elements that are already in place, like I said earlier the D2X strategy which is particularly working well in the US has some interesting elements beyond just front office because the whole idea is to connect from the customer front office, all the way to the middle office and the back office which could drive integration, API microservices as well as ERP Cloud back office integration and there are some interesting examples of cross experience platform, for example, Adobe Magento, Salesforce as well as the Oracle CX which is the business unit within Oracle where we are seeing some really good demand. So, all in all, if you look at it in the application sort of transformation bucket, we want to strengthen the Cloud

platform play, in the intelligent transformation bucket, we want to strengthen the AI and data play and, in the experience, we just need to kind of bring it together and connect it out from front office to back office. One very important element of the strategy which I alluded to on the partnership, we at least for this year do not plan to build organic capabilities on cyber security or infrastructure, however, we are starting to see deals particularly in UK and even certain parts of US vertical where that is needed, so we have a partnership strategy in place. We will share this, may be in the next quarter discussions, but for cyber security and infrastructure, we have holistic place, so that we can cater to some of these large deals that we are referring to. Ashank or anybody else, if you would like to add anything.

**NGN Puranik:** And what will this make to your deal sizes once you build these capabilities and one important missing place is the analytics, big data or would you like to focus on few capabilities, or you would say that I am not going to focus on everything? I will not invest too much on cyber security, I will get into big data in a big way because there is a future and customer experience because that is very vital?

**Hiral Chandrana:** Big data and analytics and AI is definitely investment in focused area as we mentioned. Within that also, we are dissecting in terms of data monetization, we are looking at, actually we are already delivering certain pilot and Abhishek can talk about it, we are also doing some pilots in the US with machine learning models as customers are looking to move from this pilot stage to much more production and larger implementations of AI, so clearly that is a big focus area. I think the transformation that customers are going through is also very interesting because some of the business models that are currently in place, there is an opportunity to look at outcome based delivery, so that is why we are very excited about some of these capabilities and integrating them together because now we can start delivering more based on customer outcomes and business process outcomes and Umang mentioned about his 5-point strategy, Evosys business has really done well when it comes to value based delivery which is really looking at the business processes and the customer outcome, so we plan to look at that as a synergistic area across Mastek globally and there will be key element when we look at multiple towers and multiple practices as part of large deals. Right now, we are starting to see \$5 million deals even in the private sector, we would like to elevate that even \$10 million and plus deals and hopefully even higher in the future.

**Moderator:** Thank you. The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.

**V P Rajesh:** Congrats on a good set of numbers. I was asking about typical deal size that our top 10 customers are around 48% and we have more than 650 clients, so are we getting to a point where you have to service the clients, we are hiring contractors and therefore that will impact the margin, there are some of the other competitors what we have noticed is that they are cutting their tail, so I am just curious, how are we thinking about our business?

**Ashank Desai:** I am not clear of your question, Ashank here, you are saying that large customer accounts for our percentage, so what is the question?

**V P Rajesh:** So, the question is that do we have too many clients which are giving us very low revenue and to service that revenue we have to essentially go and hire subcontractors and therefore that will eventually impact our margin? That is what I am trying to understand, especially when we listen to some other mid-tier IT companies, they are trying to reduce the number of clients they are servicing, so that is what I was trying to understand?

**Ashank Desai:** Let me answer it and may be Umang can also add, because most of these clients are at our Oracle practice. So it is like this that any customer acquisition has certain cost and that cost obviously is accounted for when we have built this results that we are delivering. So, we are presently acquiring 40-50 customers and preserving the bottomline because model allows us to invest in sales and marketing and deliver the results at gross margin which can service the EBIT that we are talking. Now, that is unlikely to change even if we grow large number of customers. I think as subcontractor goes, you see it is always the mix of subcontractors were higher. So, one example is what we have done this quarter, we have hired 500 people that is exactly to serve this coming up market and depend less on subcontractors. However, subcontractors, we do employ and Umang can add may the kind of subcontractors we had in specific areas.

**Umang Nahata:** Yes, so there are two aspects to this. One is, as far as our customer qualification and quality is concerned, we are definitely getting more zero down in terms of our focus, so we spoke about the vertical focus that we are moving into and therefore looking at the customers from a particular area of specialization is going to become a part of our strategy as we move forward. There is of course a clear evaluation in terms of every deal on what kind of margin are we delivering them at and so on and so forth. There is a, I would say, healthy percentage of contracting or subcontracting in a part of our mix, not high at all and clearly, we are not looking at business wherein we are just being the trading partner in between where the delivery is done by subcontractors and we are just getting transferring or handling the deal, passing it through us. So that is not the business that we are really into. So, like I said, there is a portion of subcontracting, but it is healthy and there is also portions of focus in terms of going forward business where we are trying to look at some verticals as a key focus and trying to look at the kind of customer acquisitions that we are going to have.

**V P Rajesh:** And my next question is, just given the momentum, we are seeing in the deal flow and as somebody said it is in winning other deals, can we expect that we can potentially do 20% kind of growth this year?

**Arun Agarwal:** Very quickly Rajesh, if you notice our current quarter growth is 34% year-on-year, right, so if it continues to deliver and you can go by order backlog which looks very healthy 12 months, which is \$158 million as we speak, and if you again compare that last year to this year, you can find this as a good lead indicator which makes us believe that we will continue to grow. Now, it depends upon, how we are able to continue getting more and more orders as we have done in the past quarters and converting them into revenue with the help of our hire and retention strategy, I am sure we can deliver to those kinds of numbers.

**Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

**Sarvesh Gupta:** Sir, first question is for Hiral, so Hiral as you are coming from an extremely large IT organization to much a smaller one and Mastek does have aspiration to grow from a small to mid-player to a mid to large player, so what are some of the gaps that you have witnessed, not just in terms of the capabilities, but if the organization has to move to a higher orbit, you might have found some gaps in terms of culture, people, training, or the capabilities of the current people, salaries, higher level hiring, etc., so what are some of these gaps which would be your area of focus in this financial year, which you have identified and how do you plan to fulfill it, so that is the first question?

**Ashank Desai:** I think let me answer it before he steps in, Ashank here. Hiral is just 15 days in now. I think some of your questions will be best answered by him as we moves along probably next quarter, but Hiral if you want try to address those what are the first few days observation.

**Hiral Chandrana:** Sarvesh, thanks, I think it is an important question, as I look it, I think I mentioned in my opening comments as well one of the strength areas in terms of culture and value system of Mastek, as you know the organization has sustained and also innovated continuously across multiple decades and I had a great opportunity over the last week or so to go through some of the board meetings, some of the discussions with various team members, also we had an all employee hands on meeting. I also made a trip to Dallas to meet the talented team out there, so all this has happened in the last one week and I can tell you very passionately that the value system, the governance, the cultural fit is very similar to the likes of Wipro and that is one of the biggest reasons that excited me to join as well. Now, in terms of gaps, like Ashank said we are still in that process of looking at which areas need to be strengthened, which areas need to be transformed, I do remember one of the board member's conversation couple of months back, where they said you don't work in Mastek, you fall in love and in the two weeks that I have seen, I think now I understand why he said that. This is an important element of our cultural transformation which is the continuation of Mastek 4.0. There are elements of transparency, there are elements of empowerment which are already in place, so I think there is no gaps really in terms of cultural and foundational element. One area that we do plan to strengthen in the short term is marketing. Now, I do not want to keep Mastek the best kept secret, I think there is way too much depth of experiences, there is some very interesting and complex work that we are delivering. Umang and Abhishek talked about some of those and it is very important for us to articulate that value to our customers and the external ecosystem and to all of you frankly. So we do plan to share our 3-year strategy and I will go to market in the coming months in more detail, but we do want to elevate the one Mastek brand, we do want to elevate our overall marketing strategy and when I say marketing, not just communication, but account based marketing, content marketing, working with customers in terms of case studies, sharing some of the business value that has been added and there are some great lessons again from the Evosys experiences that Umang and team have built over the years. So, if I were to call out one area outside of the service line capability that we talked about in some segments, the overall

marketing strengthening is the key focus for this quarter. So let me stop at that and more to come in the coming months.

**Sarvesh Gupta:**

Second is on margins, so I think till few quarters back, our commentary was that there might be a margin compression by, let us say, 150 basis point or so because of the gains that we had in terms of saving during the COVID times, they are likely to run off, but now I think this quarter, the commentary is that the margin which we saw in FY21 and in this quarter which is around 21%-22% that is going to be going forward the new normal and sustainable sort of a margin, so hence the impact of one of cost saving, etc., which we had attained in the previous financial years, may be blunted by the operating leverage in the business because of the growth, so is that the right way of understanding your margin trajectory for the future?

**Arun Agarwal:**

So, very nice question and I think we had spoken about this. At the moment, those savings which were driven by COVID and when you get into more details, it is that typically your travel related savings, right and all of us know that COVID has not gone, it is going to stay, the travels are not going to be same as it used to be, pre-COVID days, right, so cost will come back, but the cost will not come back at one go, it will come very gradually to be precise and hence we don't know at this point of time, how the world is going to open up, what kind of cost is going to come back to the business. If our business growth continues as we are seeing lot of those cost if they comes, may be partially offset it with the improvements which we are driving, right, but at this point of time, when we state that our endeavor is to maintain the margin, our endeavor to maintain the margin is also subject to that the travel will not come back to the same magnitude as it was pre-COVID as the things normalize and it is a little longer term to be precise to see those kind of travel to come back.

**Moderator:**

Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

**Ravi Niredi:**

Sir, my question is this, how we use the cash?

**Ashank Desai:**

As you know, we have been building this war chest for last many years in terms of free cash flows out of our productivity improvements in IT services business. So, first usage of that happened to us when we acquired Evosys and then we also have payments as we acquired the remaining 30% stake. So, some of the cash obviously is going to be utilized towards that, but more importantly, as I said earlier, our growth ambitions require, particularly in US to acquire companies; (A) to build capabilities, just capabilities apart from just revenue and (B) of course the revenue and synergy aspects of digital transformation. So, we are keeping this war chest, so that at no point of time, we have a situation where I am not comfortable with the strong position in cash that we have always kept in spite of revenues and so on. So, this is the balance between the comfortable cash position and the payments and the acquisitions and to that extent we do feel that we need to keep the war chest as we go along what we have. I hope that answers your question, Ravi.

**Ravi Niredi:**

And second for Mr. Hiral, will he be based in Europe or US? What is your planning?

**Ashank Desai:** So Hiral is based in Chicago. He is operating as a person from US of course, but being a global like all of us, he is going to operate from all the places that he is in, but Hiral can answer it also if he wants to.

**Hiral Chandrana:** Yes, I think you covered it Ashank, so I am based in Chicago area. I have spent significant time in UK, I used to travel there once in two months, significant time in Europe, we are seeing some early signs there in the broader Europe market as well, so I have experience in those countries across France, Netherlands, Nordics, Switzerland, Germany and Middle East is an important part of our business as well, so we have done some great work particularly in the Oracle Cloud business, so definitely between those countries and continents and India as well as US. In the near term, definitely we have an opportunity to scale up in the US given our capabilities and depth that we already have. So it might be more focused or at least 50% of my time will be focused on the US, but I do plan to spend equal amount of time in Europe as well.

**Moderator:** Thank you. The next question is from the line of Kshitij Saraf from Tusk Investments. Please go ahead.

**Kshitij Saraf:** I have a question on the Oracle plan going forward, so with Evosys and Mastek about the cross-sell and the co-sell, how do you plan to bring in synergies or rather how do you see Mastek plus Evosys, let us say, by the year 2025? What is the broad vision like?

**Ashank Desai:** Let me answer it and then Umang can add specifically and Abhishek too. So it is difficult to talk about 2025 in terms of what would that unfold at, but as I said that the opportunity that is opening up to us in terms of number of customer entries that we have is something that we are very seriously want to leverage and as we speak, there is a constant effort to make that happen and may be Abhishek and Umang can add how we are leveraging that on cross-sell and co-sell.

**Abhishek Singh:** Just building on the ambition that you outlined Ashank, it is very simple that the whole rationale of Evosys acquisition was around the fact that Evosys has a great customer acquisition engine and their sell with Oracle provides us with continuous supply of new customers across all the geographies. Now, any customer doing the back-office modernization or moving from on-prem solution to Cloud, they are starting their digital journey and this is the first place where Umang and team actually gets engaged, but that is not the only piece that they want and there are lot more that comes along with that initiative. The ability to bring in larger Mastek capability and compliment that and tap the customer's digital transformation journey, we are the start point that Umang and team delivers. That is what will be driving our future and we want to reach the state where every opportunity is eventually a co-sell which means things in the pipeline are looked upon from all the offerings, not just Evosys, Oracle implementation capability or Mastek's digital transformation capability, but you look at it from all the service offerings and it becomes, as Umang also alluded earlier in his presentation a customer for life. That is the way we are looking at it and obviously the customers coming in from the engine provides us with that opportunity. Umang, you want to add your comment, add please.

**Umang Nahata:** No, nothing, no additional to that. I think you have put it out very well. Abhishek.

**Hiral Chandrana:** And Kshitij, just to round it off like Ashank and Abhishek said and Umang covered that in some of his comments as well, the examples of that co-sell and examples of those integrated deals that is already seen. I mentioned the media company earlier that is a classic way where the back office is Oracle Cloud, the front office is Salesforce, there are multiple middle office elements as well as integration and API based services that are part of the deal and that is also an example where we have landed with a particular scope and we are now expanding into different areas, so we will see more of that. I think your question on vision for 2025, give us some more time, we will come back as we evolve, I think there is lot more larger deals, lot more larger customers that we will be catering to and we are seeing some really good foundational elements of these integrated deals which we will continue to grow in the coming quarters.

**Moderator:** Thank you. The next question is from the line of Vivek Gautam from GS Investments. Please go ahead.

**Vivek Gautam:** The quarter-on-quarter growth has been slowest for the last few quarters, is it a blip or sort of reasons behind the sale, sir?

**Arun Agarwal:** So, as we mentioned last quarter, our order book and backlog was healthy and some of the numbers which we are saying is after the impact of right shifting of the execution of the contract because as all of us know digital skill set, there is a gap between demand and supply in the market, right and it is also reflected into our attrition number. So there is a twin strategy which is going on in terms of having the lateral talent, at the same time investing into the freshers, training them and bringing them up to the learning curve, where we can service our customers much faster, right, so some of the gap from the earlier quarter is driven by right shifting of the execution plan because the lack of resources which we have. But as we speak, we are not seeing any shortage in terms of our pipeline and the order book to give you the comfort there.

**Vivek Gautam:** And just a few words on the opportunity side and expected growth rate for different verticals for us in time to come, especially in North America?

**Arun Agarwal:** So, if I give broader level vertical split, our UK public sector is growing good again in this quarter and also if you compare year-on-year including previous quarters, the growth is good there. NHS is also growing healthy; lot of contracts are on annual basis and lots of contracts are coming up in our pipeline for adjudication. This will more happen in quarter 3, so UK public sector looks good. US as mentioned earlier, it is more D2X strategy which is helping us to penetrate into not only to the retail customers, but we are getting into non-retail customers as well and it is complete umbrella of services which is helping customers to resolve their multiple issues at the same time. And it is combined to what Taistech was doing earlier, after the acquisition we combined them together with Mastek, we spoke about this capability and becomes complete D2X for the customer, right, so we are seeing that kind of growth to continue in those markets. And again, as a vertical, healthcare is going to be important, retail continues to be important in the US market and from the Oracle side as Umang mentioned, manufacturing also becomes the key market for us to penetrate as we go on.

- Moderator:** Thank you. The next question is from the line of Jatin K from Alpha Capital. Please go ahead.
- Jatin K:** Congrats for good set of numbers. Sir, my first question would be that Evosys acquisition has changed our trajectory completely and we have decent cash on the books right now, so any plans to go for another acquisition especially on the US side, when can we expect another acquisition?
- Ashank Desai:** Important question, but as I said earlier, Ashank here, that as we speak, we are evaluating obviously multiple candidates for acquisition, we have sufficient resources as you all know. However, we have to be extremely careful before getting into new acquisition. As I said it has to add value to Mastek and Mastek's future growth and digital area, either it has to build us our capability that we lack or service lines that we do not have or to bring a substantial customer base and revenues along with it. Of the kind that we need, we have been very choosy, as we speak, we have a team which is evaluating many acquisition candidates, but as always is the case, it is extremely difficult to predict when it will happen, but as you rightly said, we focus right now in a bigger way in US because that is where the growth vectors are and present focus is looking at US based companies, but we are open otherwise to other opportunities if they fit into what we do.
- Hiral Chandrana:** Jatin, may be just to quickly add on that, see acquisition strategy is important like Ashank mentioned, but we are also looking at a broader framework as part of our strategy which includes organic capability building, it includes partnerships like I mentioned earlier as well as M&A, so there are certain areas where we would want to strengthen the capabilities in-house because we feel those are differentiated offerings that add on and aligns well with our digital and Cloud services. There are certain elements where we will partner like I mentioned infrastructure and security and there are certain elements we would want to do an M&A and the framework is there in terms of how we evaluated those potential options and actively like Ashank mentioned looking at various possibilities in the US.
- Moderator:** Thank you. The next question is from the line of Mukesh Prajapati, an Individual Investor. Please go ahead.
- Mukesh Prajapati:** Congratulations for good set of numbers. I think all my questions has been answered, so wish you all the best for next question sir, thanks.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.
- Ashank Desai:** Thanks. It is as usual always energizing to meet our investors and our well-wishers. It is your energy that drives us through to perform as we said as we are building capability, as we are building leadership, as we are building marketing engine, however, I want to add and with of course, a little bit on somber note in terms of great work that all Mastekeepers have done in spite of very difficult times that we went through the second wave. It is very unfortunate that some of our Mastekeepers lost their loved ones during this period. But we are all geared and we are with all of them and we have now vaccination program and other things that we have initiated to see

that they are most comfortable in terms of what they do and where they work. It has been hard time for them to work from home and looking forward to post-COVID era where we are back in business as usual. Hiral, you want to add anything, otherwise we can close.

**Hiral Chandrana:**

I will echo your comments, Ashank, I mean it has been a tough journey for many individuals and families and I think our talent and HR team has done a phenomenal job keeping the engagement, our leadership team has done, gone out of the way to make sure that they are closely connected with our employees and their families in many cases, so we expect some of those pandemic challenges to remain over the next couple of months, but hopefully I think some of the trends, it looks like we will be back in business soon. But very excited to be part of the Mastek family again and like I have shared in some of the comments earlier, we will be sharing more details in the coming weeks and months and look forward to your continued support. Thanks, Ashank.

**Moderator:**

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