



“Mastek Limited Q3 FY18 Earnings Conference Call”

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MODERATOR: MS. ASHA GUPTA – CHRISTENSEN IR

Moderator: Ladies and Gentlemen, Good day and Welcome to the Mastek Limited's Q3 FY 2018 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 would now like to hand the conference over to Ms. Asha Gupta from Christensen IR. Thank you and over to you, ma'am!

Asha Gupta: Thanks, Janis. Good afternoon to all of you and thanks for joining the Q3 FY18 Results. The results and presentations have been mailed to you and you can also view this on our website www.mastek.com.

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

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

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

John Owen: Thank you very much. First of all, Welcome and Thank You for your interest in Mastek. Let me start by saying we had a very good and solid Q3 performance and I will let Abhishek go through the financials. The Q3 results represents seven quarters of consecutive growth and I think that is probably the key message - that we want to maintain that tempo and what we want to do is to become boringly predictable and consistent. Operationally, we have seen good performance during the quarter. We have added capacity in our employee base and our engineering capability. We may have got over 1,900 engineers who support our customers. We have had good customer acquisitions. We have had 8 new clients join our list and we have had 173 trading customers. Overall, I am pleased with the performance. I think the pipeline is encouraging. The execution culture within Mastek is getting there as part of Vision 2020 and it was all about driving the top-line to grow into our cost structure and I think that strategy will continue.

And I will now handover to Abhishek to go through the numbers and then come back for Q&A. But I do want to say Thank You very much for all your support and your interest.

Abhishek Singh: Thank you John. Hello everyone all on the call. We will just go through the Deck that was circulated ahead of this call.

I am moving onto Slide #4 which sums up the financial performance for the current quarter compared to the last quarter. Our total income stood at Rs. 215.3 crores vis-à-vis Rs. 204.1 crores, up 5.5% quarter on quarter. Operating income stood at Rs. 209.5 crores, up 5.6% in rupee terms. We had a 4.1% constant currency growth, quarter-on quarter. In terms of profit, our EBITDA stood at Rs. 31.5 crores versus Rs. 29.3 crores for the last quarter, up 7.4%. EBITDA margins continued to expand. It is now at 14.6% versus 14.4% for the last quarter. Net profit stood at Rs. 18.4 crores versus Rs. 17.5 crores for the last quarter, up by 5.4%. Net profit margin is at 8.6% flat quarter-on-quarter. In terms of cash and cash equivalents and the fair value of the mutual funds, we stand at Rs. 166.5 crores as against Rs. 159.3 crores at the end of last quarter. In terms of order backlog, our total order backlog now stands at Rs. 584.2 crores i.e. £67.7 million at current conversion rates vis-à-vis £63.3 million at the end of last quarter.

In terms of year-on-year comparison, we move on to the next slide - the total income stood at Rs. 215.3 crores versus Rs. 128 crores, up 68.2% year on year. Operating income stood at Rs. 209.5 crores versus Rs. 126.1 crores, up 66.1% year on year in rupee terms. In terms of constant currency, we had a 66.3% growth year-on-year. EBITDA stood at Rs. 31.5 crores versus Rs. 16.2 crores last year, a growth of 94.4%. EBITDA margin at 14.6% versus 12.7% last quarter last year. Net profit stood at Rs. 18.4 crores versus Rs. 12 crores last year, up 53.1% and net profit margin is at 8.6% as against 9.4% last quarter last year.

Our total cash and cash equivalent is at Rs. 166.5 crores versus Rs. 149.4 crores last year for the same period. Total order backlog at Rs. 584 crores or £67.7 million as against Rs. 340.5 crores or £40.8 million in Q3FY17, a growth of 71.6% year on year in rupee terms.

Year-to-date comparison, 9 months of current financial year versus last financial year, the revenue grew by 56% at Rs. 607.4 crores versus Rs. 389.2 crores. Our operating income is at Rs. 593.5 crores versus Rs. 381.2 crores, up 55.7%. In constant currency terms, we grew by 67.1% on year-on-year basis.

On profit matrix, our EBITDA stood at Rs. 85.7 crores versus Rs. 39.9 crores last year, 114.5% growth on Y-o-Y basis. EBITDA margin at 14.1% versus 10.3% last year 9M corresponding period, that is a 385 basis point margin expansion. Net profit for the 9MFY18 stood at Rs. 50.6 crores versus Rs. 21.7 crores in 9MFY17, which is again a 132.7% growth. Net profit margin stood at 8.3% versus 5.6% last year 9M corresponding period.

Turning onto the next slide, this is the same stats in a tabular form that we discussed, so we will move ahead and look at all the operational parameters. We added 8 new logos in Q3FY18 and our last twelve months, our clientele stands at 173. Our top 5 client revenue stands at 37.8% and top 10 contributed 57.1%. Our total employee count stands at 1,902 split as 1,252 offshore and 650 onsite. This is in contrast to 1,767 at the end of last quarter which was again split as 1,169 offshore and 598 onsite. Our DSO due to the seasonality stood at 73 days vis-à-vis 70 for 30th September and our FX hedges for the next 12 months stands at £11.9 million at an average rate of Rs 92.7/-.

As we move onto next Slide #10, it is all about the revenue analysis – it has got the revenue by markets, industry segment and contract type. There are no significant movements here so to speak. From geography perspective, UK revenue continues to contribute around 68.1%, U. S. moved to 29.8% and others was at 2.1%. By Industry segment. Government business contributes 33.4% of the revenue, Other Financial Services at 21.5%, Retail at 37%; and IT and Other Services at 8.1%. Revenue by contract type - Fixed Price had an uptick in this quarter at 22.8% and T&M businesses stood at 77.2%. In line with moving towards the horizontal view, we continue to share the same dice of revenue – by service line - App Development continues to be our largest one and has also grown quarter on quarter at 51.6% vis-à-vis 47.7% for last quarter. Digital Commerce stood at 25.5%, Application Support and Maintenance at 8.7%, BI and Analytics at 6.7%, Agile Consulting at 4.5% and Assurance & Testing at 3%. So that is the sum and substance of our financial performance for the Qtr.

I will hand it over to the floor for the questions. Thank you.

Moderator Thank you. Ladies and Gentlemen, we will now begin with the question and answer session. We will take the first question from the line of Mohit Jain from Anand Rathi. Please go ahead.

Mohit Jain: First is on the pricing environment. So how do you see it going forward for this calendar year? And should we expect some increase apart from the cross-currency tailwind that you are facing currently?

Abhishek Singh: Thanks, Mohit. In terms of pricing, I do not think we have seen anything significantly different from past based on our interactions with the customers. Our value proposition specially in terms of the Digital Transformation activities continue to be strong and these activities are all “value-based” conversations as against race to bottom or a procurement driven conversation, where predominantly it is about aggregation, volume game and price discounting. So, to your question there are two parts to it – first one is, are we experiencing anything from our customers? The answer is no. Are we competing in that space where it is volume driven and hence, are we dealing with the procurement managers predominantly? The answer to that is also no.

Mohit Jain: So if we have to look at digital versus a volume driven pricing, what is your estimate? How much is the difference?

Abhishek Singh: See, it is the traditional one where if you want some economies of scale and you have multiple vendors then you want to aggregate it down, which is what we have seen in BPM and IT space in past 24 months to 36 months. Even in that space, we have done well where customers have retained Mastek for its boutique IT transformational capabilities; we have been able to hold our ground. We have also had some price corrections on account of annual indexation & COLA clause in such cases

Mohit Jain: Correction is like you got price hikes or...

Abhishek Singh: Yes.

John Owen: As we reposition Mastek to be a leader in Digital transformation we have also transformed our commercial model. And I think, as Abhishek said, if this is a commodity, let us do a strategic supplier, we are not going to compete because we do not have the economies of scale of that existing or legacy IT supplies. And there is a market that already serves that. I think, in Digital Transformation, it is about building a reputation and a track record for delivering quality software on time, on price. And I think, we are seeing the market shift away from watch your rate card and that is the primary decision criteria to what confidence do I have that you can deliver me the quality software on time. Because it is going to have a business impact in my impact now I can save money on the procurement. So, I think we qualify, if it is driven by procurement only that is probably not our market space. If it is driven by a digital item that is a business need on a certain date to have a certain impact, I think that plays well because there is less price sensitivity and I am confident that company can deliver.

Mohit Jain: So at the company level assuming digital keeps on increasing as percentage your pricing on a blended basis should see an upswing. Is that a fair assumption?

John Owen: I think, that is the aspiration. I mean, digitally it is competitive so do not get me wrong, but we got to be competitive. But I think it is not price; it is based on confidence and value. But yes, I think if you put our revenue ahead as a matrix it is probably high in the traditional IT supplies.

Mohit Jain: Okay. Second. I notice this TAISTech and Indigo revenue falling Q-o-Q this time in the third quarter. So, any specific reason for the fall in these two division revenues?

John Owen: I think, there are two reasons. One is obviously Q3 because it is such a Retail Digital Commerce space. It has a huge sort of seasonality and I think anybody that has got that exposure generally does not do a lot of business in Q3. It tends to be in calendar Q1 - Q2 and then people freeze solutions as they launch primarily in the U. S. because of Black Friday, Cyber Monday has such a volume of retail sales, people basically free the platform. Regarding Indigo Blue, we are seeing less pure consulting and we are seeing Indigo Blue play a key role within the program management of Mastek so it is more an enabler of our services than the pure play.

Mohit Jain: So but from an acquisition point of view Indigo Blue revenues are part of Indigo Blue as you show in your segment reporting. So that number has gone down by 23-24%.

John Owen: Correct, because we are basically putting the delivery into the Mastek organization. So, it is probably a reclassification of what is consulting and what that contribution is. On an absolute term, that contribution to the group is very positive.

Mohit Jain: So, in a way we should stop looking at it separately because your numbers will come in Mastek UK.

Abhishek Singh: That is correct, Mohit. A part of that Consulting Engagement may have delivery revenue; we do not classify such revenue under Consulting. This is driven by the Horizontal Service Line driven operating model and also part of the integration process.

- John Owen:** And it is also worth noting - that was the strategic intent behind Indigo Blue acquisition - that it would be the sharp end of the spear in consulting to drive delivery revenue for core Mastek capability. And I think, now we have matured; we can see the value of that. So, it has a direct revenue contribution but it also has an indirect revenue contribution into the core of Mastek. And I think, you are right as an assumption that will integrate even further going forward.
- Mohit Jain:** Okay. Last is on your margin expectation and levers. If you could run us through for next year, like we are now consistently doing 12% odd. I think, the aspiration was to move towards 15%, so what are the levers we can see in FY19? And how do you see that moving?
- Abhishek Singh:** See, it is a three-year journey, Mohit. We said that at the beginning of this conversation as well possibly four quarters if not earlier. That it will be a balanced approach, we will continue to do things which will help us move towards our aspirational mid-tier IT companies EBITDA margin journey, but it will be a three-year journey.
- Mohit Jain:** But it will be like a gradual expansion which we would expect? Three years is FY2020, right that is part of your Vision 2020?
- Abhishek Singh:** That is right, Mohit.
- John Owen:** I mean, our journey is to build sustainability, repeatability, and predictability into the business. And so, I think, you can as an investor can have confidence in the pipeline, the market and if we continue to execute the fundamental should drive that margin. Doing anything operationally to bring that forward and distorted for a one off or two off quarter is not we are building that sustainability both at a business level, financial and an operational level.
- Mohit Jain:** And as an outsider like can you specify certain levers where you can see margin expansion going forward like utilization is at 83%, where do you guys want to be at or if you could increase onsite? Is there anything that you are seeing in terms of margin expansion during that three-year journey that you just spoke about?
- Abhishek Singh:** Of course, so operational efficiency continues to be the endeavour and all the levers that we talked about earlier - whether it was grade mix or onshore-offshore mix - All of that will be part of our conversation and part of our execution to get to the targeted EBITDA margins.
- Mohit Jain:** Okay. So combined we should still move towards 14-15 is what you are saying but it would be a cross lever, there is no particular lever that...
- Abhishek Singh:** It will be a combination. It is a boutique of endeavours that will get us there. There is no silver bullet.
- Mohit Jain:** One last thing on your cross currencies because you are saying it is 4.1% Q-o-Q, you are hoping 70% exposure to GBP that would have taken the cross currency statement to around 1% it seems 1.5% - 1.6%. So any other cross currency impact that you would have seen during the quarter? This is based on USD, GBP-USD movement or cross currencies on GBP-INR?

- Abhishek Singh:** No, we continue to do it on GBP-INR.
- Mohit Jain:** Okay, then that explains probably the difference. That is all from my side, sir. Thank you.
- Moderator:** Next question is from the line of Madhu Babu from Prabhudas Lilladhar. Please go ahead.
- Madhu Babu:** Sir, TAISTech last year to the revenue contribution was around \$9 million, right? In FY 2017 around \$8 million, right?
- Abhishek Singh:** Yes, that was Q4. For Q3 you had hardly anything possibly eight days' worth of revenue was there.
- Madhu Babu:** So the normal run-rate of \$30 million this year. So our organic growth this year comes and it would be around 25% for the company, right for FY 2018 in dollar terms?
- Abhishek Singh:** We track it in GBP terms. And yes, it is around that kind of number.
- Madhu Babu:** Yes, so organic growth for the company is around 25% roughly assuming 4Q would be a decent quarter. So can we expect this time the organic growth momentum to continue over the next two years - three years considering our base is very small?
- Abhishek Singh:** That is our endeavour.
- Madhu Babu:** Okay, sir just on the margins, can offshore leverage be a lever because considering that we are doing a lot of government as well as some of the digital work. Can that be a lever or it would not be much?
- Abhishek Singh:** Yes and no. If you are doing work with government department where you need security-cleared resources, then obviously that precludes us from bringing any part of that work offshore. But having said that, we do many other types of engagement with government where these would be the logical progression as we expand and we are expanding and those conversations are on so you are right in your assumption.
- Madhu Babu:** Okay. Any large deals in the government on UK side which can move the lever, which is currently in the pipeline and we are expecting a positive closure over there? Just on the UK side.
- Abhishek Singh:** Pipeline is a combination of large and small deals both on private and on government side and we continue to chase that as we grow in size and we continue to strengthen our delivery base. We are looking at much larger deals than what we have chased in past.
- Madhu Babu:** And from tax rate any cross-selling opportunities for the retailers we have found in traditional services, any outlook on that?
- Abhishek Singh:** Yes, we have. As of last quarter we did start, we had our first success in Assurance Testing Space and we continue to now actively scout for opportunities and conversations are on, as we speak.

- Moderator:** Thank you. We take the next question from the line of Ashish Agarwal from Principal Mutual Fund. Please go ahead.
- Ashish Agarwal:** Sir, just couple of question. First of all a clarification, the decline in the revenues from Digital Commerce is more to do with seasonality rather than anything else, am I right?
- Abhishek Singh:** That is exactly the case.
- Ashish Agarwal:** So how is the pipeline now in the Digital Commerce side? Is the pipeline much stronger than it was let us say, two quarter's back or three quarter's back?
- Abhishek Singh:** Yes, continues to build on all the kinds of opportunity that we are experiencing in digital space.
- Ashish Agarwal:** Okay. And sir, secondly, on the order book which you are giving on the presentation, it look like that there has been certain changes with respect to what you use to give till Q2. What are the major changes, sir?
- Abhishek Singh:** Yes. Ashish, the one major change we have been talking about; till last quarter we have been talking about just the 12-month order book and have now changed it to total order backlog because there are a lot more multi-year engagements; we are signing up new deals over longer period and this will be the right representation of our revenue visibility. That is why we tweaked it this quarter.
- Ashish Agarwal:** Okay. Because last quarter, it was 12 months used to be Rs. 450 crores. Is it fair to assume that the 12 months would have gone by similar number as the overall order book?
- Abhishek Singh:** It is right at that same number flat.
- Ashish Agarwal:** Okay, got it. And lastly, sir, with the cut in tax rate in US, will it have any positive impact on our tax rate?
- Abhishek Singh:** Yes, it will.
- Ashish Agarwal:** So what would be the tax rate going forward?
- Abhishek Singh:** I would not get into the specifics. But clearly, 35% kind of tax rate coming down to 20% - 21% in US. will have a meaningful impact on our ETR.
- Ashish Agarwal:** Okay. So this quarter, it was around 26%. So it is fair to assume that it will be lower than this?
- Abhishek Singh:** That is right.
- Moderator:** Thank you. We take the next question from the line of Ganesh Shetty, Individual Investor. Please go ahead.

Ganesh Shetty: Sir, can you please elaborate this quarter's performance as far as Digility is concerned? And have we able to gain any momentum as far as new deal pipeline is concerned through Digility? Can you please throw some lights on that?

Abhishek Singh: In terms of Digility, as you know it is a start-up company, which we started seeding with sales and marketing folks early in the calendar year, last year. And now, I can tell you that we have got significant investment made. We also had an anchor customer there who we continue to service and expand. So at this point of time, Digility in its journey is purely focused on what is Mastek's capability of the four service line that is Application Development, Maintenance, Testing, and BI and Analytics; it is the service offering that Digility has. And we have created the sales team which has got the whole gamut of experience not only under traditional side, but a lot more also on the Oracle Digital Commerce capability to ensure that it super charges our investment in the US geography. So Digility continues to gain traction. But on expected line, at a slow pace as you would expect for any start-up to do.

Ganesh Shetty: Yes, sir. My second question is regarding pricing scenario. Are we getting any pricing pressure during this quarter for new deals and the renewal of deals? Can you please throw some light, sir?

Abhishek Singh: Sure. So earlier in the conversation, someone asked the same question and the observation is that we play in the digital transformation space and though competitive, this is more of a value driven conversation where impact to your customer helps you drive your pricing conversation. So, summing it up, it would not a "cost-plus" kind of a price conversation rather a "value minus" kind of conversation. So what is the value you drive with the customer and based on that you will ask for you price. It is competitive land escape but it is not exactly the procurement-driven conversations where we are competing based on discounts offered.

Ganesh Shetty: Yes, sir. But some years back we had acquisition of Indigo Blue which is into niche agile project? And what is the progress of integration between Indigo Blue and Mastek and cross-selling of the products? And how is the picture evolving from that side, sir?

John Owen: Nothing as we said, with one of the other question, the absolute revenue from Indigo Blue or the Agile Consulting came down, that is because we are doing the final part of the integration of Indigo Blue into Mastek to be basically our PMO, Programming Management and Consulting arm, that pulled through Mastek revenue. So we separated the Mastek revenue out. So Indigo Blue is a consultant, is a capability probably not the business line. I do not know if that helps, but it comes down to what is the confidence the client has on delivering that program at scale in an agile world across the enterprise. And I think, with Indigo Blue we have that capability within our organization because we then have that long tail economics of the delivery revenue that is where we are starting to integrate. So we have taken Indigo Blue from a business to a capability.

Moderator: Thank you. We take the next question from the line of Abhishek S. from Equirus Securities. Please go ahead.

Abhishek S.: The margin expansion seems to be very nice. The question is what are some of the levers which could help margins further? And what is the margin level at which you would start looking at re-investments in the business? Thanks.

Abhishek Singh: So actually, your second part answered the first one. The fact remains that we are growing, that requires fresh investments as well as leveraging the existing ones. In UK geography, we continue to milk the investments made in S&M and also looking at increasing our reach - in which case you would have to invest in hunters i.e. Sales. In the US geography, Digility per se, some investments have been made. And we continuously assess the quantum and areas of investment to be made in that Geo. Our current margins are reflective of the cost that is already invested in there. So the investment continues to be made as we speak and that is what helps us deliver the organic growth that we have been demonstrating. In terms of margin expansion, one of the biggest levers that comes to mind is the delivery efficiency as well as on-off mix. It is pertinent to note that in Digital Commerce business, customers are mature in retail space and are agnostic to where you are delivering from; they are happy to kind of contract with you at a blended rate basis which gives you the flexibility to deliver a lot more from off-shore with a very limited onshore engagement and it also helps you with the visa situation. So these are the things that we are focusing on to help expand our margin, but at the same time continue investing at the optimal level to sustain that growth.

Abhishek S.: And just a follow-up, what could be that optimal level where you would like to maintain the sustainable profile of the margins? Thank you, sir.

Abhishek Singh: See, margin has to be at the industry reference level as we have always said, and which is the mid-tier IT industry reference level and it is a three-year process not a quarter or a next quarter. So it will be dynamically calibrated - where we need & where we see an opportunity, we will put in the money and that money gives return that gives us the ability to "fund more". So it will dynamically calibrated.

Moderator: Thank you. We will take the next question from the line of Yatin Matta from Reliance Mutual Fund. Please go ahead.

Yatin Matta: Just two questions. One is, in US what we understand is that you will be approaching the geography through service lines and not through verticals. So, if you can help us elaborate that (one) what is the overall US strategy and what are the kinds of service line demand which you are seeing in US?

John Owen: Yes. I think, obviously, you have got to look at the critical mass where the clients are so Digital Commerce is the major market capability and we have got the program of cross-selling of core capabilities of Assurance & Testing, BI and Analytics and the Application Development because our core business is Application Development. But we got to take clients on a journey or building confidence and the more we deliver quality solutions that help them transform their business, the more they will give us the confidence to do larger projects and more often we got as Abhishek said before those longer-term contracts gives us revenue predictability and that is the goal. In

the digital space, it is all about delivery. And I think, we have got a program of cross-selling. We have got Financial Services client, we have got a Mobile client and we have got obviously multiple Retail clients. But I think, the Digility business, we have discussed before is being the nascent investment, we have not got critical mass with the TAISTech around the Digital Commerce. So it is about cross-selling and then being very targeted about where a customer has a business need and they feel confident that Mastek can deliver on-time with quality at the right economics.

Yatin Matta:

Understood. And John, when you say predictability and stability are there any internal milestone that probably you are tracking or is there any metric, which you are tracking which can give you confidence within pipeline. Is it order book that you can say with confidence okay, now this is my first target which we have achieved and from here on the stability and the predictability in the business increases or you will tell it when the time comes?

John Owen:

No, I will be very transparent. When we started this journey a year ago, it was all about building growth, getting the top-line working. Because if you get the top-line working, there is a chance you can measure all the other metrics. So, it comes from the pipeline, it come from the conversion rate, it comes from the order book, it comes from the revenue, it comes from the utilization, we have got to do all those basic metrics and find out what our execution ratio is that we are comfortable with and it is going to be different in segment, different in individual that company right will those analytics to give us confidence that we can make forward-looking decisions. And it will come down to that, the more we execute the better, but our goal is to become predictable, consistent and the more we measure, the more we manage. But at pipeline, if the pipeline coverage gets better and our execution gets better, then that should translate into better revenue, better financial performance. I think our customers rely on Mastek for quality software, transparency, the quality of our people, and the fact that we engineer solutions and architect solutions, we do not deliver on a rate card, cheap solutions. We have got to deliver on-time, with quality, first time because our clients have a business impact if we get it wrong, not just a delayed project.

Yatin Matta:

See, just to understand this slightly better. Something that Abhishek also mentioned that it is no longer a cost-plus model, it is more like a value-minus model, right? And there as you indicate that delivery becomes critical. But how do we measure it? And how do we define a pipeline? So we are just trying to understand the business slightly better that for you how would be measuring it? Let us say are you promising a client a 10% kind of a revenue generation and then you get a percentage of it. How does this model work? If you can help us understand?

John Owen:

I think, lots of clients like the idea of risk share. And I think, we are very happy to contract for predictability, we are getting confidence in our operating model, our pricing model. That is being said, that is how the journey start. I think, when it actually comes to procurement most people, clients are more comfortable with Time & Materials. And so, I think the conversation and we are happy to contract for an outcome. However, as you go through the operationalizing in a contract tends to default to Time & Materials. So I do not think there is any sort of marginal up gain share. We have those conversations with client and we are happy to prepare to contract.



However, I think most customers are quite mature enough or confident enough to actually contract on that. But I think, that is the direction of travel that the market will go down as Digital Commerce matures as a capability.

Yatin Matta: Understood. So basically, something I think you alluded when we previously met that. The ability of the risk is not getting shared as of now. But over the course of time it can be shared between the customer and the vendor or is the way the industry is heading?

John Owen: I think, you have got to build on that assumption. I think, at the moment the client carries the risk. And I think, there will always be a desire to back that risk off to the supplier community. So I think, we got to have an operating model alliance with that. But at the moment, the clients are not ready, it is not mature enough.

Moderator: Thank you. Well that seem to be the last question for today. I now hand the floor back to the management for their closing comments.

John Owen: Okay, thank you very much. I think I will end as we started. Thank You for your interest and coverage of Mastek. I think, as we said, this is our seventh quarter of consecutive growth. I think, Q3 has seasonality been quite a soft quarter for your industry and I think deliver quarter-on-quarter growth gives us confidence and hopefully gives you confidence that the journey to Vision 2020 and about building predictable consistent performance, we are starting that. Vision 2020 we are just coming to the end of the first year and we are cautiously optimistic, we are doing the right things. So with that, thank you very much. I look forward to talking to you in the next quarter.

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