



“Mastek Limited's Q1FY23 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to Mastek Limited Q1FY23 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 Ms. Damini Jhunjunwala, AVP, IR, Mastek. Thank you and over to you ma'am.

Damini Jhunjunwala: Thank you, Neerav. Good day to all of you. Welcome to the Q1FY23 Earnings Call of Mastek. The Results and the Presentation have already been mailed to you and you can also view it on our website, www.mastek.com.

To take us through the results today and answer your questions, we have the top management of Mastek, represented by Mr. Hiral Chandrana - Global CEO and Mr. Arun Agarwal - Global CFO. Hiral will start the call with the business update, followed by Arun providing the financial update for the quarter.

As usual, I would like to remind you that anything that is said on this call that reflects any outlook for the future or which may be construed as a 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 mentioned in the prospectus filed with SEBI and subsequent annual report that you can find on our website.

Having said that, I now hand over the call to Mr. Hiral Chandrana. Over to you, Hiral.

Hiral Chandrana: Good afternoon, everyone. Thanks for joining us. I will take a few minutes and provide a "Business Update" and hand it over to Arun to give more details on the "Financials."

We delivered 13.4% year-on-year growth on revenue on a constant currency basis and it was flat on a quarter-on-quarter basis. It was a challenging quarter in some ways where we had a pause in a very large program healthcare account in the UK. There were a few delays in some decisions on some key deals and slower than expected ramp-ups in a couple of accounts. The currency impact was almost 7% to 8% for us from a GBP to US dollar.

But having said that, we've got some really good leading indicators that demonstrate the confidence that we have in the business. As you would have seen our backlog has continued to improve. We grew that almost over 30% year-on-year. Our pipeline has been growing steadily even through this last quarter. We have multiple large deals that continue to be added to the pipeline.

We've hired more than 550 people including trainees. We've actually consciously reduced the number of accounts that we cater to. This is again as communicated earlier our focus on account

mining, our focus on higher quality revenue and almost 50 lesser clients that we're catering to and delivering the same revenue.

Our fixed price business as well as our annuity business which is our managed services business has gone up significantly. This is again part of our strategy to look at more predictable revenue.

We actually delivered 19.2% on the operating EBITDA in spite of some of the strategic investments that we continue to make.

The talent cost, as all of you know is going up, but we've made some investments in specific areas as it relates to industry solutions and geographies, which we'll cover in a minute.

The customer demand environment is still looking good for us. While we do see some caution when it comes to deal decision-making, most of the deals that got delayed we have not lost except for one, which is a small deal and those deals are taking a little bit longer to convert. Having said that, the wins that we've had, really give us confidence that we are able to now compete on a different scale when it comes to large enterprise accounts as well as more complex deals.

Let me take a couple of minutes giving you some examples:

- We won a deal at the University of Nottingham in UK. This is a relatively new vertical for us in the education sector, where we are combining more than 40-plus disparate systems and integrating processes to deliver a digital transformation program.
- We also engaged with a healthcare provider in the US, the Americas region where we're transforming their entire budgeting and forecasting process using Oracle Cloud.
- A marquee customer called Cleveland Clinic, the Abu Dhabi business of Cleveland Clinic which is a very global brand, we are now engaged with that hospital chain and looking at a big end-to-end transformation across their value chain, across their different business processes.
- For a manufacturing customer in Europe, which is in the battery manufacturing space, we actually converted our implementation business as a follow-through into what we're calling "Cloud Enhancement Services" which is really our managed services business in the digital and the cloud world.

So, these are some examples where it's a combination of business process transformation, combination of digital engineering projects, combination of where we're trying to convert some of our existing implementations into managed services.

Our UK public sector continues to show good momentum while we have grown in our current accounts, which is home office, HMRC, there is a new framework called DSP which is the Digital Specialists and Programs which we've gotten shortlisted among some very key suppliers

and that should give us access to a multi-billion dollar framework set of opportunities in the next few years. This is something we communicated in the Investor Day in April as well that we have a seat at the table on some very large frameworks which continue to give us some predictable and annuity revenue.

We're very excited to bring MST Solutions into the Mastek family, MST Solutions is the acquisition that we announced earlier this week. We are a salesforce consulting and integrator which has really demonstrated unique capabilities particularly in healthcare, state and local government, manufacturing and financial services in the Americas region.

We've been looking for assets and acquisitions in the cloud platform space in the CX space and in the data space. And this fits us very, very complimentary to our digital engineering and cloud transformation that we currently have in Mastek.

The cultural fit of the company is also very synergistic. They have 250 employees in India and 75 in the US. And we believe that this combination of Salesforce and our capabilities in Mastek will give us a seat at the table on front-office to back-office transformation engagement which we have been seeing demand from our customers.

As, we always had a digital commerce business, which was strong, but this capability goes across sales, marketing, customer service, integration and multiple other areas of what salesforce calls the customer 360 degree Platform. It's a very big economy where salesforce is going to go from \$25 billion to \$50 billion as a company and we believe there is significant synergies in our existing accounts within Mastek as well as cross-sell opportunities within MST Solutions accounts to take Mastek services, both Oracle Cloud Services as well as our Digital Engineering Services.

A little bit about looking ahead before I turn it over to Arun. We had shared our strategy and the various pillars of our strategy. We believe our fundamentals are very strong still across the strategic pillars. We're focused on making sure that we provide differentiated services as we grow in the Americas market and we've launched what is something called Glide 4.0. Glide 4.0 is really a framework and platform that will help accelerate not just modernize and move companies to the cloud, but also helps with their innovation acceleration. This combines our cloud transformation capabilities that we had with Oracle and our Digital Engineering capabilities that we've always been good at.

Also, we have looked very selectively in our top-50 accounts across the globe and putting together focused account mining and teams that can cater across different service areas in that account.

In most of our accounts, we are either present in one or two pillars. So, we believe there is a big opportunity to cross-sell and grow our wallet share in those accounts.

Our UK public sector, like I said, continues to show good momentum. We are now getting into larger framework deals and even within our own existing accounts getting involved in a lot more strategic downstream deals where we've replaced competition in many of them.

As we look at our backlog, we have an opportunity to ramp up and cater to some of the existing business that we have won, but we've also got an opportunity to improve and further accelerate our recruiting engine. While we've made some good movements in that area, there's more to do and we believe that some of the investments that we've put in place, including the fresher hiring, the talent acquisition is going to pay and yield results in the coming quarters.

As you'd have seen, our attrition actually is trending down. For most of the other companies, I think the attrition is going in a different direction and we have been able to retain and put some measures to keep the attrition in check. It's still a challenging environment when it comes to talent, but we are getting confident that our attrition going down really showcases that our brand and the career value that we provide to Mastekers is paying results.

As we look at the next three to four quarters, we have some recovery to do, but with the measures that we've put in place with the investments that we have in Americas, with the continued focus on UK public sector, we believe that we can start looking at beating the industry growth quarter-on-quarter going forward.

The demand environment will have some cautionary elements to it because of the macroeconomic situation that all of you are aware of. So, we are keeping a close eye on that.

Our Middle East business actually delivered their best order book in Q1. So, that's an encouraging sign for us. And with the MST Solutions acquisition and the combined capabilities of Mastek, we believe that there is a combination here which will help us scale in the Americas.

With that I'm going to turn it over to Arun and then we'll open it up for Q&A.

Arun Agarwal:

Thanks, Hiral. A very warm welcome to everyone on this call. I am going to share with you the key highlights of our performance for the quarter ended 30th June 2022. The investor deck has been circulated ahead of this call and contains much granular details about our financial and operating performance. So, I'm going to keep it quite crisp so that we can spend more time in terms of Q&A.

To highlight, this quarter was a mixed bag as highlighted by Hiral. While we have successfully concluded acquisition of MST Solutions and signed the definitive agreement subject to certain closing requirements which team is working to close as early as possible, our quarter was a little bit muted than what we expected. As Hiral earlier mentioned, it was more driven by one of our clients in UK healthcare which has gone through certain reorganization between multiple departments which led to some pause in ramp which we anticipated. Again, we expect in a quarter or two for it to streamline and we get back the same run rate with the same customer.

GBP depreciation which has been led by a macro environment has also impacted our USD-INR revenue. It's basically because 65%-plus kind of a number for Mastek comes from UK as a market and hence optically in terms of US in terms of USD and INR revenue, we see quarter-on-quarter a little bit more impact. However, in terms of constant currency, we have delivered 13.4 % growth year-on-year while flat quarter-on-quarter, delivering Rs.570 crores for Q1 and the reasons for same mentioned before.

EBITDA margin stood at 19.2% versus 20.7% in the previous quarter. Margin was also impacted by the currency. GBP to INR, as I mentioned more than 65% of our revenue comes from UK as a market.

Increased salary levels driven by supply-side challenges as we continue to ramp for the key wins which we had in last two quarters.

The utilization also got impacted because we continue to hire the right talent as we have quite a strong order backlog and healthy pipeline.

PAT stood at Rs.84.4 crores which is 14.2% of our income versus Rs.88.2 crores last quarter which was 14.7% of our income.

Gross cash stood at Rs.665 crores versus Rs.794 crores in the previous quarter. Cash, net of debt stood at Rs.490 crores versus Rs.600 crores in the previous quarter.

We saw an increase in DSO this quarter which was more led by seasonality in a couple of customers and certain contract signature and money flowing to Mastek. We believe this is one-time and in the next 90-days it will settle down as we start reporting Q2.

On the business side, we added 33 new clients during the quarter. So, client addition continues in the range of 30 to 40 every quarter, which is again a good sign.

In line with our strategy 2025 where we emphasize that we are going to focus a lot on Fortune 1,000 customers as a base, quite glad to mention we have increased that base to 21 versus 19 in the previous quarter, moving in the right direction as we laid out in the strategy 2025.

Headcount stood at 5,553, net addition of 576 resources during the quarter.

Acquisition of MST as alluded by Hiral is a strong capability addition which further strengthens our integrated offerings and USA base at the same time, leading to increase in deal sizes and building growth momentum in coming quarters.

Thank you all for your continued support as we deliver strategic outcome outlined in Vision 2025. Handing back to moderator to open the house for Q&A.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Mohit Jain from Anand Rathi. Please go ahead.

Mohit Jain: This is first of all related to US. Now, while our commentary is positive, but last three quarters or so, we have been more or less flattish in terms of revenue booking. So, what is happening here and what has changed in last one year in terms of either deal pipeline or deals won and how do we see it going forward in terms of organic growth?

Hiral Chandrana: Thanks, Mohit. There are three different parts to this. As we've communicated in the past, the approach that we had before in US was really a project-based approach and an implementation-based approach. So, what that means is we should deliver an implementation and move on. The change that we've made in the last six to nine months is really to put some structures when it comes to account mining. There are about 20 to 25 accounts where we believe there is significant wallet share increase that is possible. Now, some element of rationalization on the accounts has happened as well because there's no point going after an account which is never going to grow beyond a million. So, we've taken some tough calls and made sure that we're going after the right logos and right accounts so that account mining approach does need some level of investment and time as we start looking at the wallet share, the spend, across one area. So, that would be one big change that we've made. The second change that we've made is in all the places where we've done implementation as well as projects, we're converting those engagements into managed services which we are calling the "Cloud Enhancement Services" because all the work that we do is in the digital SaaS or Cloud space. This is important because our stickiness of the account goes beyond just the project of implementation. We're now there longer in that account and are able to not just deliver what we have scoped for but start cross-selling other areas. Classic example is a company called LHC Group which is in the healthcare provider space, they interestingly recently got acquired by UnitedHealth which is obviously a very large company in the US. But we started providing them with Oracle Cloud Implementation Services, moved into the Managed Services through our Cloud Enhancement Services and now starting to look at integration, data and other surrounding services where our wallet share in the account has improved significantly. So, that's the second element of it. The last part is in terms of new logos and the hunting approach. So, our alliance-based approach in Oracle continues to be the momentum that we have. However, as we look at enterprise accounts and as we look at larger more complex deals, the influence that Oracle would have in some of those accounts and deals reduces. So, we are consciously investing in building direct relationships with these accounts and taking much more holistic offerings. The front office to back-office transformation is one example, but there are other areas where we look at not just a single filler solution and combine our various service offerings as we start to open even new logos. There are four or five additional platforms beyond Microsoft, Salesforce and Oracle. These are the three that we've been focused on that we've started looking at in terms of opening up avenues, namely, UiPath, AWS, as well as Snowflake. We believe that this gives us the focus as well as a diversification of service offerings to take to the US client. Having said all that, you are right, Mohit, we would have wanted to see lot more growth in the Americas market by now, but I would say we are sort of

behind by a quarter gone, where we are starting to see lot more deals which are integrated, starting to build relationships in those accounts, but that is not completely paid fruition in Q4 and Q1. Of course, with the addition of MST, we expect that to take it to another level because it opens up another avenue for us, because salesforce is almost present in every existing account of ours in the Americas. So, those are some of the things, Mohit. Hopefully, that answers your question.

Mohit Jain: My question was more related to organic growth than to the acquisition because those revenues will come through as you integrate. It was more like when should we expect organic growth to pick up, is it like are you guys likely to take two, three quarters, one quarter depending on your deal pipeline, how do you see it moving?

Hiral Chandrana: Based on this, I would say in the H2 timeframe which is really Q3 and Q4 timeframe we expect a decent jump both on order book as well as revenue growth, Mohit.

Mohit Jain: Second was on healthcare, life sciences. Now, we have this one program which is essentially from the government which you mentioned in the presentation as well. So, how is the split between government, private and how are the growth rates moving between the two so that we can possibly assess how that vertical is likely to move ahead?

Hiral Chandrana: The account that had a pause and the program impact is one single account where we actually ramped up significantly in Q4. It was an unfortunate direction where we had to pause and that's reflecting from the Q4 to Q1 numbers. Our healthcare business, Mohit, as you probably know, is split between three geographies. We are working with some key providers and hospitals in Middle East, we also work with medical devices as well as healthcare customers in the US. Both those have actually shown some good traction in terms of pipeline and order book. The reduction that we've had is mostly in the UK account as it relates to healthcare.

Mohit Jain: So, like are we done with it or should we expect something in 2Q and then you expect it to move up?

Hiral Chandrana: For that particular account, we see some level of stability, in fact, in that same account we have now two or three new deals. So, hopefully, if we are able to convert that, that should reflect the growth path in H2FY'23 as well.

Mohit Jain: Last question for Arun sir. The tax rate was a little high this quarter. So, what should be the recurring number for FY'24 or FY'23?

Arun Agarwal: Mohit, because this is one-time between cross-country some tax credits couldn't be realized. We expect 24% to 25% for FY'23 is a good range as we go on a normalized basis.

Moderator: Next question is from the line of Debashish Mazumdar from B&K Securities. Please go ahead.

- D Mazumdar:** Just three questions from my side. First one is related to the healthcare clients that we are talking about. From the numbers it seems the healthcare clients is where we have seen the ramp down is from the private Europe side. Is my understanding correct?
- Hiral Chandrana:** Debashish, in UK we're not working with any private sector, it's mostly the government that runs the UK healthcare, so it's really in the overall public sector in UK, not necessarily private.
- D Mazumdar:** Why I am coming to this conclusion is if I see my government and education performance is fairly well, whereas the UK, Europe as a market has come down. So, I thought that it may be a private client that you –
- Hiral Chandrana:** Yes, yes, yes. So, you're right in terms of how we classify it. The government and education, the line item that we provided the spreadsheet does not include the healthcare account. That is a part of the healthcare and life sciences. But the account that we're referring to is the large UK healthcare account which is one single account, which is basically funded by the government, but we classify it under the healthcare & life sciences.
- D Mazumdar:** So, is this ramp down is more to do with the current economic uncertainty or it's a client-specific issue?
- Hiral Chandrana:** No, this particular situation is a little bit unique and unfortunate. We won a very large deal six months, seven months back and we were able to really ramp up. This is an account that we've been working for almost 20-years. It's a very stable account in the sense we're doing a lot of transformation projects, but the particular deal that we won is really what got impacted, because there was a leadership change and that leadership change essentially combined three or four different departments in that account and really put a pause not just on our program, but a couple of other programs as well, because they were rethinking their entire strategy for how they wanted to deliver some of that output. So, it's really led to not necessarily the macro environment but a particular leadership change in that account.
- D Mazumdar:** The second question I have is the UK, Europe market micro uncertainties that you have already articulated about, and it's not only you, even your peers are also talking about it. So, do we see this decision delays or deferments both in government accounts and private accounts or that is specific to such accounts?
- Hiral Chandrana:** See, the government space normally does have a delayed decision-making cycle, but that's something that we are used to, because we've been working there for the last 20-years or more. So, there is a longer cycle just by the nature of how that works. So, the delayed decisions on some of these deals I was referring to is in the private sector both in the UK, Europe but also in the Americas. The part of the good news is that we're not losing those deals, right. So, most of them are active. But, yes, the environment caution makes us feel that we will see delayed decision-making cycles at least in some programs. Customers are probably going to even prioritize which programs that they want to fund. So, eventually we might see some of that as

well. Right now, we're not necessarily seeing any cancelled demands, it's more in terms of deals being pushed right shifted.

D Mazumdar: One last question on MST acquisition. If I see the revenue per employee of this target company, it's around \$90,000 whereas you mentioned that around 250 employees are at offshore level. So, just wanted to understand this. Despite such high offshore presence, how can the revenue per employee so high, so if you can clarify this number?

Hiral Chandrana: The Salesforce ecosystem as I mentioned earlier is no longer on one particular technology, it really cuts across the customer 360 degree platform, right. So, there's some high caliber architects and some very strong functional and process experts that are required to deliver these programs, right, because we're talking about business programs across the sales division or the marketing division or even in the mid office. MST also brings certain unique industry solutions. So, there is a platform that salesforce has called Vlocity and MST has been able to really build certain unique capabilities on top of Vlocity. The certifications that it takes in this environment and ecosystem is also not easy to get. MST has again been able to certify about 600-plus resources. So, the onsite rates and some of the value addition that they're doing is reasonably high and that's really the combination that you're probably seeing in the revenue per employee.

Arun Agarwal: Just to add there, when we have seen the data as part of reporting that is usually employees data only. However, like any other IT companies, they are also seeing the current environment, they are also resorting to certain sub-contractors specifically onshore to manage this revenue. So, that is also included. So, maybe once we start getting into our reporting structure, you will get much more clarity in coming quarters.

D Mazumdar: Just on this MST business model, do we see in future that the margin of this business can go up because of this offshore shifting or sub-contracting cost reduction? If you can help us with what is the current margin level that we are working with, I mean the MST?

Arun Agarwal: We have also assumed certain improvements definitely which has to be done in line as we get into Mastek structure and definitely there has to be certain investment which has to get into as they become part of Mastek, there's a lot of synergy has to be extracted and we think same time strategy to get into more of interface customers is very, very important considering the kind of capabilities they have built in. Balancing them out, I believe their existing margin profile which is in line with Mastek, will continue to maintain that.

Hiral Chandrana: I think the only thing I would add is that the Salesforce engagement starts with UX Design Blueprinting goes all the way to implementation and then of course managed services with all the different clouds that I was referring to earlier. So, there's a really good mix of different skills that are needed to deliver these engagements and that will be a continuous skill transformation process that MST Solutions has done well. MST also have about 8 or so Fortune 1,000 clients.

So, that's another interesting addition to our portfolio in the Americas and should help us raise the game when it comes to larger deals and engagements going forward.

Moderator: Next question is from the line of Nilesh Jethani from BOI AXA Mutual Fund. Please go ahead.

Nilesh Jethani: My first question was on the UK political scenario currently panning out. So, how confident are we with regards to growth from a next 6 to 12 months perspective in UK especially we have a lot of orders coming from government?

Hiral Chandrana: Nilesh, a good question. We have been following that closely as you can imagine. We over the last year have been able to convert many of our engagements into a bit more longer-term predictable engagement particularly in our top four or five accounts, which constitutes in almost 80% of our UK public sector revenue. So, that gives us confidence that those programs are likely to continue irrespective of the government and the political environment. These are mission-critical infrastructure programs, where they seem to have visibility over the next 2 to 3 years at least. Having said that, any sort of new government change brings some level of new initiatives or maybe rethinking of some of the existing initiatives. The DSP framework deal that I was referring to earlier is one such opportunity where we feel that there's going to be a lot more downstream possibilities for us. There is also a view that the civil servants that are there in UK is likely to go down through this new government change and that potentially presents us an opportunity. So, as of right now, we don't see the political scenario impacting us in the core secure government services business that we currently have.

Nilesh Jethani: So, how do you bifurcate the mission-critical and the other projects?

Hiral Chandrana: So, as we look at the different process areas and initiatives, the work that we do for customs, borders, immigration, bio-metrics, some of the work that we started doing with the police protection, cyber terrorism protection, those we are considering critical of national infrastructure importance, which are critical to the government. There is always going to be some element of legacy platform moving into a new technology platform which we may not directly correlate to some of these processes, so that would not be critical, but many of the different areas that we are touching, whether it's in Home Office or HMRC or Ministry of Defense, these are of national importance.

Nilesh Jethani: So, say we would have won Rs.100 of order in last 12 months. What percentage would be with the mission-critical categories you just mentioned?

Hiral Chandrana: It's tough to quantify that but I would say, Arun, maybe if you have a different view, but more than 80% of the work that we do for UK public sector. I'm talking about the secure government services is mission critical.

Arun Agarwal: Just adding there, the kind of scale and size of UK public sector is quite significant, right. We're still a part of it quite smaller. Opportunity which we see is multifold. As you penetrate and make

your relationship much more deeper, there are more than enough projects where you have your skin in the game and you start participating and ensuring your growth. So, really I'll not be worried as a combination of first, whether the investment will go down, that's not my worry because the size and scale itself gives more than enough opportunity for us to grow.

Hiral Chandrana: Yes, some of it is like related to even core areas like safety and protection, right, and like I said customs and borders and immigration. So, the workflows, the engineering work and some of the platforms that we are supporting really kind of run the government, right, directly, indirectly. So, that's really what falls under that national infrastructure that is important.

Nilesh Jethani: My second question was on the US piece. So, there has been some de-growth now. Just wanted to understand what's the management bandwidth involved on the acquisition side related to this de-growth because clearly the most of the peers in the IT sector has reported strong growth in the US. So, what led to this from like declining?

Hiral Chandrana: Can you repeat your first part of the question? Your voice was a little bit feeble.

Nilesh Jethani: I wanted to understand on this US piece. So, was the management bandwidth involved in the acquisition process which led to some decline or declining in the revenues from the US side or the general macro which has impacted the growth over there?

Hiral Chandrana: Nilesh, we realigned our structure in the Americas and actually in some other parts of the geographies as well where there is a dedicated team which is called the "Growth Office" which includes strategy, some of the M&A as well as the service line development and partnerships. And this growth office and strategy office is really what's focused on the M&A. In any acquisition process, there's always going to be some level of distraction. So, that's definitely there. But the team that is working on the acquisition and the integration as well is a separate team from the Americas go-to-market team. So, that's a conscious call that we took and the conscious investment that we made because we didn't want to distract the go-to-market teams in the Americas region from the acquisition because that does take time as and it has a cycle of its own. Some of the other things that I mentioned earlier with some of the deal decision delays, impacted Q1FY23, execution could have been better, in some cases there was a dependency on Oracle for us to close the deal, so that led to some decisions or delays as well. But in general, the pipeline and the momentum is picking up. We're having a lot more CIO conversations now compared to three months or six months back because we've invested in that account management and client partner roles. So, I think give it a couple of months and like I said earlier in H2FY23 we expect to come back very strong on Americas even organically because with inorganic we're expecting a lot more cross-selling as well, but both organic and inorganic, we have high expectations from the Americas region.

Nilesh Jethani: One last question from my side on the employee addition. Employee addition number is significantly higher when I see the revenue growth outlook. So, how to read through the employee addition number versus the revenue growth number?

Arun Agarwal: So, again definitely there are two combinations. One, we have to keep hiring the right resources. Again, these are certain skills which are aligned to our pipeline as we are seeing good healthy pipeline as we speak; in addition to the strong order backlog. So, our hiring is quite aligned to that. In addition to this, we have also continued hiring freshers because unless you have the freshers inbuilt into your system, your pyramid doesn't work effectively, right. So, you cannot do just-in-time hiring and the hiring is completely planned for next nine months of revenue forecast which we are working.

Hiral Chandrana: We want to make sure that we are taking a medium-term view here as well. The skill transformation that is needed in some of the newer technologies and some of the newer demand areas is not an overnight solution. It does take some time to get the freshers, get them trained and we're seeing a continued demand in certain specific areas and so that in some ways addresses the additional headcount that we've added. But some of them will take time to get fully productive as well. When we look at the demand environment, we feel that there's an opportunity to provide resources just-in-time. That way we're easily able to ramp-up in shorter notices versus having a gap of one month or two months from the order win to the ramp-up.

Moderator: Next question is from the line of Mihir Manohar from Camelian Asset Management. Please go ahead.

Mihir Manohar: I wanted to understand in your opening remarks you mentioned about the DSP program specifically in the UK public sector side which will give you the opportunity to participate in the multi-million-dollar deals. If you could throw some more light into this and what are the strategies specifically to grab this program, what is this program, in which area and how are you strategizing that? And second question was on cash handling. Now we are having Rs.650 crores of gross cash and we are supposed to make payment for Evosys and also for MetaSoft. So, how should we read this situation?

Hiral Chandrana: Let me answer the first and then I'll hand it over to Arun on the second. So, the DSP program and the framework is really about again like I said Digital Specialists and Programs, that's what it stands for. There are multiple phases here, what they call multiple lots. And the first lot will be about essentially key transformation initiatives and people and processes that they're trying to change. This is related to the mobile operations and mobile platforms as well as the e-commerce platforms that the government is funding. It cuts across multiple departments as well as in multiple phases. The Digital Specialists Program has some more end-to-end nature of demand. So, as they look at research, design, all the way to testing and implementation, the Crown Commercial Service, this is information that is publicly available as well, but they are looking for certain specific capabilities which they're calling digital specialists. This could be

involved in one of those areas or it could be involved as a full stack in multiple areas. So, these are the two components. The central government and the health teams as well as the defense teams will all kind of benefit from this and so it's a larger kind of vehicle that cuts across multiple divisions in the UK government. So, Mihir, hopefully that addresses the first question. Arun, if you want to answer the second question.

Arun Agarwal:

On the gross cash, it's \$85 million plus we have as of June end, but Mihir, again we need to be mindful as I mentioned there's some timing difference because of which DSO was impacted and we believe to come back to our quarterly run rate to keep generating healthy cash. So, that will continue. However, this particular MST acquisition is funded by internal cash and plus a portion has been through borrowing. So, just to give you a quick split, \$80 million is the upfront consideration. We are planning to borrow \$30 million as a loan which we will be using to part fund this particular acquisition and \$50 million will be the internal cash which will be used.

Mihir Manohar:

Just on the first question on the DSP side if you could quantify the opportunity? I understand it is difficult, but if that could be quantified.

Hiral Chandrana:

Tough to quantify the overall value of the framework as shared by the Crown Commercial Service \$4 billion across three to four years. It does include roughly about 50 suppliers and you probably might know the various frameworks that were earlier the DOS framework which had a lot more suppliers, this has 50 suppliers. The two lots that I was referring to, the digital programs and digital specialists, there's only 20 suppliers that got selected in both lots and so we are in that 20 list. Now obviously it's tough to quantify which ones that we would win, but this is an overall pie and overall timeframe of the programs.

Moderator:

Next question is from the line of Sachin Kasera from Svan Investment. Please go ahead.

Sachin Kasera:

My first question is regarding the impact that we had in the UK performance. You mentioned it was because of a large contract in the government which could not be rendered due to leadership change. So, is it that we need to be going for re-bidding or is it that there's a temporary pause and maybe after a quarter or two this will start getting executed?

Hiral Chandrana:

Sachin, just a small clarification. This particular account, we had already ramped up in Q4FY22 for this particular program. So, it was not like we could not ramp-up, we actually did a decent job in ramping up in Q4FY22. That particular program was paused and that's what led to like I mentioned the leadership changes and the consolidation of various departments. So, as of right now it's a pause which they have said is of six to eight weeks which sort of ends in the July timeframe. Having said that the way that particular program will come back will be in a different avatar if you will, right. So, it's not going to be in the same form as how we had won. It will come back in a slightly different set of components with some of the decisions that they've made. In that same, account we're seeing two or three different areas which we have developed pipeline in. So, this is still a large account for us and runs the entire healthcare in the UK. So, that

particular program will come back in a smaller fashion and the efforts are on converting some of the pipeline so that we can get back like Arun mentioned earlier to the previous run rate. But I think it will take at least a quarter or two for us to get back in that particular account the run rate that we had in Q4FY22.

Sachin Kasera: So, when you say different avatar, does it mean that there is going to be some impact on what we were looking earlier in terms of peak revenue from this contract or overall size of the contract, if you could give us more details when you say becoming a different avatar now when we start?

Hiral Chandrana: Exactly the two things you said. So, one is actually it will come, specifically, there was a particular solution direction that this program was conceived in when we had won it. And when I say different avatar, it's now going to be a little bit more standardized platform versus developing a custom solution, right. So, that's the one piece. The size of the program will be reduced a little bit and it will actually be spread into multiple phases because given the change in direction, we have to actually go through a little bit more design and blueprinting before we can actually develop the full functionality. So, both ways in terms of blueprinting and the timeframe as well as on the size as it relates to this particular program. What I was referring to also was there are a couple of other initiatives that are going on in that same account which we're also engaged in. So, that is independent of this particular program.

Sachin Kasera: On the currency, you mentioned that we have been impacted because of the cross-currency and the weakening of the pound. So, from what I can see we have roughly around £10 million hedge. So, how are we approaching this - are we looking at seeing the current scenario increasing the hedging significantly or we'll play as the time goes by?

Arun Agarwal: Sachin, we always keep hedging and we continue to maintain our internal policy and guidance for that. However, as you would be aware, in our UK business, specifically, digital services business, significant portion is onshore. There the hedging is not possible because how we are structured only the services which is rendered from India can be hedged. So, that portion of hedging continues and we ensure our pricing as well reflects going forward the revised currency model. So, that's how it's going to pan out in medium to long term.

Sachin Kasera: The second question was on this acquisition of MST. So, from what I can see in the media, it is mentioned that in our vision of a billion dollar this entity should contribute between \$180 billion and \$200 billion. So, two parts to that. One is that's from a little long term. How long will the integration take and can we start seeing because if you're talking of \$180 billion to \$200 billion from this entity, we are talking of a significant scaleup from the existing run rate of \$30 billion. So, one, when is the integration expected to happen and when can we start seeing this ramp up in the MST number?

Hiral Chandrana: Sachin, your question is about the Salesforce growth or the MST growth as part of the billion dollar. There's some short-term things that we're doing. The integration plan we have got some

good learnings from the past. We took a lot of efforts to prepare well when it came to account planning, synergy planning or integration planning. So, over the next three to six months, we should start seeing that and we expect most of the integration to be complete before the end of this fiscal year. The key thing though is that we're not going to wait for that. The account planning and cross-sell synergy is starting right away, for example, I'm headed to Chennai later today, our account teams are meeting in August second week, we're starting to share... we're actually working already on one deal together. There are about 25 accounts that have been identified, some in UK but most of them in Americas and these accounts are a combination of existing Mastek accounts and a few MST Solutions accounts. So, a lot of planning has already gone in even before the acquisition and of course we have to execute that now with the account teams and the field teams. The reason we are bullish about the medium to longer term as well, just because of the sheer spend Salesforce ecosystem has and the talent gap that we see in the market with our customers in this specific area across the different customers 360 degree cloud. So, even if we have a fairly organic growth on the Salesforce ecosystem side, that revenue should increase maybe by 10% to 15% ahead of industry growth rate. Having said that the areas that we would like to amplify that is with some of these integrated deals and offerings. So, that's really where we see this overall business becoming \$150 billion to \$200 billion over the next few years.

Sachin Kasera:

Just one last question for Arun. When we see the geographical reporting both in North America and the other segment, there is significant correction in the EBITDA margins. So, is it mainly because of investments or are there certain one-offs and when do we see the profitability improving in these two geographies doing?

Arun Agarwal:

Particularly if you are speaking about the North America, there are a combination of both. One there is a one timer which we expected to normalize in Q2 and second, yes, there is an investment which continues, Sachin, as we have focused and we believe there is a significant opportunity in the market to grow those investment also has some impact, but predominantly driven by one-timer.

Moderator:

Next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra:

My question is on the UK government digital spend. Seeing the data, the government spend on a digital side has come down significantly over the last two quarters. So, is it only because of the political uncertainty or turmoil that is going there or is it because of the uncertainty in the various departments? And also our growth over the last two years has been largely driven by the traction that you've seen in the UK government side. So, with this spending coming down at an aggregate level, don't you see that the organic growth that we earlier thought of is at risk?

Hiral Chandrana:

Maybe just to clarify a couple of things, our UK public sector, I'm talking again about secure government services, the non-healthcare account, the rest of the secure government business, that has actually continued to show some good momentum. Now if you remove the currency

impact from that, the business actually has grown. You can see that reflected both in the government and education industry slicing as well as in the digital engineering slice that we provide. So, both ways, the digital engineering business that we do for the UK public sector has shown growth. Again, if you remove the currency impact... I'm talking the constant currency, from that perspective we don't think the political environment has impacted us in anyway. The decisions and the delays in some of those could still be in place because these cycles do take longer and in some cases some of these larger framework deals have longer cycles just by the nature of it. But at an organic level, particularly, in the UK public sector, we don't see that dramatic change at least from the current lens that we have both in terms of our existing accounts as well as the growth that we see in those accounts.

Amit Chandra:

In the UK government account, what is the average tenure for a deal? What is the annuity component? And if you don't see refilling of deals because the spending is coming down, because of uncertainty and delays in decision-making, don't you see that second half can get impacted more?

Hiral Chandrana:

Some of these engagements that like I was referring to earlier, Amit, we've been able to convert them into reasonably long-term predictable engagement. So, while some of the contracting used to happen three months, six months before, we've been able to take and convert them into one-to-two-year engagement which gives us a little bit more predictability. Also, like I was mentioning earlier, you would have seen our fixed price go up, our annuity business go up. So, we're consciously making sure that some of the places where we've developed the platform as an example or done some engineering work or implementation work, we are converting that into managed services as well. There is definitely a macro environment which is so unpredictable with inflation, with some of the uncertainty the war that continues as well as the political environment, but for the engagements and the accounts that we are running, we still see stable growth from that sector. The impact that we saw in Q1FY23 was really from the healthcare account in UK like I said.

Amit Chandra:

My second question is on the MST acquisition. Obviously it's a good acquisition and good add-on to our portfolio. But if I see the three-year figure, it's around 11%. I know it also includes the COVID year. But in terms of the earn outs that we have set for the company around 35 million and last year growth rate was around 20%, so what kind of targets are we actually looking out in terms of the earn outs to actually get paid?

Arun Agarwal:

Again it's quite initial stage as we speak, the targets have been staggered and the payout is also staggered accordingly. So, as it has been mentioned, earn out could be in the range of \$0 to \$35 million and it has multiple both top line and bottom line which is attached to it. While we want them to achieve the maximum number, to be honest, because if they meet their numbers, it means our acquisition is successful. But again, we are still evaluating in next six months how it's going to develop.

Hiral Chandrana: Also, Amit, like you rightly pointed out, there was a COVID timeframe in between and the company consciously pivoted towards some large enterprise accounts. We kind of like the rhythm of the company because they go deep in some of these accounts and actually are expanding into different divisions, different Salesforce Clouds. We've done about six customer reference calls prior to the acquisition and all those six customer calls indicated more opportunity just within the Salesforce ecosystem itself, plus potential other areas as well. So, the mining and the deep relationships that the company has was the pivot that they made in 2020 during the COVID year versus going into mid-size accounts or smaller size engagement. But from a future outlook perspective, the pipeline looks strong, the deal momentum that they have, look strong. The other thing that we've not talked about very explicitly is that they have a high focus on state and local government in the Americas. This is an interesting market which we were evaluating in the past, but it was not very easy to get into. So, MST has been able to develop relationships at the government and agency level in certain states where they're actually digitizing multiple process areas. Fire and forestry, economic development, even land and water resources which is challenging in some states like California. So, the spend of this state and local government still continues to be very high. And even with a recession type of environment, we like the healthcare and state and local government focus. So, that's another thing we found attractive in addition to the Fortune 1,000 clients.

Moderator: Next question is from the line of Zubeyr from Mondrian Investment. Please go ahead.

Zubeyr: There's a couple of questions for you. First of them would be a clarification what you have mentioned in the introduction. So, did you mention quarter-on-quarter you're expecting industry-beating growth, is that from next quarter or you mentioned its normalization in the next three to four quarters?

Hiral Chandrana: The latter, next three to four quarters.

Zubeyr: So, post three to four quarters you're expecting industry-beating quarter-and-quarter growth?

Hiral Chandrana: That's right.

Zubeyr: In the near term I am not pinpointing at the exact number, but just trying to understand what you're expecting in terms because obviously if you look at the past or two-year numbers, this is probably one of the weakest quarter-on-quarter for you and possibly year-on-year results. Just kind of your input in the next or 12-months timeframe if you were thinking that?

Arun Agarwal: We will be back to quarter-on-quarter growth. As we mentioned, this quarter had certain one-timers which we had not anticipated but our backlog, our pipeline looks strong enough and we believe our quarter-on-quarter and year-on-year growth will continue to be there from coming quarters onward.

Zubeyr: Second, I think one of the participants earlier asked this question, but just want to ask this differently. If you could help me break down the revenue, if you quantify it this way, but discretionary versus non-discretionary? I think you explain that for example mission-critical is at about 80% of the UK business, but overall do you quantify the discretionary versus non-discretionary, and also if you could help me understand what would you say is discretionary versus non-discretionary when you think about the services that you provide to your customer base? Do you want to repeat the question? I think one of the participants earlier asked this question about mission-critical whether it is non-critical. If I want to understand in a whole consolidated level if you were to quantify the revenue whereas this discretionary versus non-discretionary business and also according to you how would you characterize discretionary versus non-discretionary spend in terms of the services that you provide to your customer base?

Arun Agarwal: So, again I think Hiral was alluding to, when line got disconnected. See, again, discretionary spend has to be seen from the eyes of the customers. As we engage and again a lot of the work which we are doing is not in the legacy space, either these are digital transformation space or in the cloud. And most of this project drive significant ROI to the customers whether basically in terms of helping them to acquire their end customers or in terms of cost reduction or in terms of process improvement which goes in a long way in terms of customer satisfaction to keep it simple, right. There are multiple ROIs which can be driven depending upon the projects which we do. So, most of this project has a significant ROI for the customer. But again when you get into discretionary and non-discretionary, depends on the priority of the customer, right. If they're on the growth mindset, any projects which can help them to get their customers will not be discretionary, but they're in the tough time zone where they can't spend money, then definitely they have to balance out which one they want to go for. So, it would be difficult really to quantify, but in the space of public sector as we answered in the previous question, most of the projects which we do for public sector are in the space of immigration, borders, customs which are very critical because as different countries are restricting their borders or making it much more pruned to avoid different kind of issues and with Brexit coming together those clearance becomes much much more critical and important. So, that's likely –

Zubeyr: So, if very quick sort of back-of-the-envelope calculation, so 65% business is UK, 80% is critical, so can I say largely if I do a consolidated calculation that 55%-45% would be a good split in terms of the essential work you're doing and the 45% where the customer has more discretion that in a tough time they would possibly try to cut that expense, so all like 60%-40%, would that be a fair number?

Arun Agarwal: No, I don't think, because as I said most of the work which we are doing is more digital transformation and cloudification for the customers calling 40% discretionary will not be correct.

Hiral Chandrana: Maybe just to clarify this, the reason it's tough to kind of... so if you think about it, right, a good majority of the work that we do... almost 95% of the work that we do is in the SaaS, digital or cloud migration and cloud transformation space. When you look at how we engage with our

customers, it's also like Arun was referring to either to improve their top line, help them get more customers, move their business from brick-and-mortar to online, increase their customer loyalty, completely transform their value chain, processes across different industries and we tied to business process KPIs across, even when we do back office or mid office transformation, it is related to business process KPIs in terms of improvement or cost reduction or in some cases top line. Yes, it's a little bit tricky to classify that as discretionary or non-discretionary, because those are all critical for them to run their business.

Moderator: Next question is from the Amit from Care PMS. Please go ahead.

Amit: Just a couple of points. One, on the MST transaction, did I hear it right that the margin profile of the company is similar to Mastek which is 18% to 20%?

Arun Agarwal: Yes.

Amit: This earn out which is zero to \$35 million is all going to be in cash only, right?

Arun Agarwal: Yes, it is in cash.

Amit: This delayed large probability deals which we are mentioning, is it because of the pricing, is it because of the competition or is just a global recessionary fear macro issues?

Hiral Chandrana: It's not the first or the second, I mean, really deals that we had high probability as it relates to early Q1FY23 closure, for example, in the April timeframe, many of them either got de-prioritized in terms of decision-making or some of them just moved and shifted, right.. Now we have won a couple of them in July, but there are still deals which are ongoing. So, the decision-making cycle that we saw in some of our cloud implementation has taken slightly longer than we expected and that's really what we are referring to. It could be due to the macro environment, it could be due to particular customer prioritization, but the deals are not cancelled, right. So, that's really what's giving us confidence that we still have. In some cases, we were actually shortlisted to be the final and there were some contractual negotiations that had already started as well, which is why we are calling high probability. So, yes, some of those delays and decisions impacted in-quarter execution which we call as book and ship where you would book the deal and still close revenue in the same quarter, particularly if it's early in the quarter.

Amit: This MST transaction, the leaders of their company will be continuing or now the Mastek leadership will take over in terms of the operations in the business so to say?

Hiral Chandrana: All of the leaders will continue. In fact, there is a good strong retention program that is built into the value of the deal. There is some good talent that they have that goes beyond salesforce actually and many of them have grown through the architect ranks and program management ranks and delivery ranks, their delivery leaders or their CTOs, the sales leaders and the account managers will all continue, Amit.

- Moderator:** The next question is from the line of Mayank from Dalal & Broacha. Please go ahead.
- Mayank:** My first question is regarding the annuity business or managed services. Sir, in the earlier remarks you had mentioned that you want to focus more on expanding this annuity business. So, what is the current contribution to our revenue and what do we aspire to be in the future?
- Hiral Chandrana:** A good question, Mayank. Our annuity business relatively speaking to many of our competitors is very low and we've moved the needle on that in the last six to nine months. So, now we're hovering in the 30% to 35% range and our ambition is to move that more closer to 50%. What we've done is we've gone to each engagement in each program that we've done implementation. It could be an e-commerce implementation, it could be a cloud implementation, it could be a digital engineering program where we've developed the platform and converted them most of them into managed services engagement. So, that's one strategy. We're calling it cloud enhancement services because we believe that in the new world of digital landscape and SaaS landscape, the on-premise type of managed services does not hold good. So, where we see DevOps programs or continuous improvement or continuous release program, it's a very different type of managed services. So, we think that there is an opportunity to upset and beat some of the incumbents who are doing managed services the old way. That's another kind of track where we may not have done the implementation but we can still get the managed services. So, as an example maybe an Accenture or Deloitte might have done the implementation but we could still get the day-2 services of the managed services in that. Third is when we go after new engagement, we're actually baking in some of that cloud enhancement services as part of the implementation. In the past we used to just focus on the phase-I which is the implementation. So, now our deals include this element as part of the package. Of course you can't do that with every customer, but that's a conscious effort. So, sort of approaching it from multiple angles, we can move this from a 30%, 35% type of mix to at least 50%.
- Mayank:** My second question is regarding the funding for MST acquisition. You said around \$30 million will be through loans. So, what do you expect the annual interest outgo to be on this loan?
- Arun Agarwal:** Mayank, loan taken in the US. It's approximately 190 bps plus so far. So, we expect 350, 360 bps on an average maybe the cost of capital.
- Mayank:** My last question is regarding the attrition. So, we are seeing the attrition trending downwards. I just wanted to understand from you that what are we doing differently from our peers that we are able to retain our employees in a better way?
- Hiral Chandrana:** Mayank, we spoke about it. I think about six to nine months back late in 2021 where we essentially started a series of measures to engage our employees in a very different way. As you can imagine, there's a lot of gen z's and gen y's there in the workforce and they have a very different expectation of how to be engaged. Second is in terms of careers and opportunities, the work that we're doing clearly has cutting-edge technologies, new sort of emerging areas, we're

starting to see some work in the data AI space as well, web 3.0, web 4.0. So, as we look at newer programs, making sure that we are engaging our employees in some of these newer technologies, also giving them opportunities to scale in different areas or even transform their own skills. That's the second part. The third is just purely engagement with many of the employees. I mean, my direct executive leadership team is spending a lot of time with the employees and Mastekers directly so that we understand their ambitions, their aspirations, in some cases, challenging them to take on more responsibilities. We have a program called "Aspire" which is to identify top talent in the company and we are engaging them into strategic initiatives as an example. So, these are some examples of things. Nothing earth shattering but making sure that we are continuously engaging employees so that they can deliver better for us as well as grow themselves in their careers as well.

Moderator: The next question is from the line of Sunil Kothari from Unique Investment. Please go ahead.

Sunil Kothari: Sir, my question is to achieve our objective or vision of \$1 billion in second half of this decade. This particular acquisition which you feel or you are saying in some interview that we can reach with integration maybe \$150 to \$200 million. So, no need of any adding or any new acquisition further or how to understand this?

Hiral Chandrana: As part of our three to four years strategy, we had created a roadmap for anywhere between three to five acquisitions. And of course, a lot of that depends on the size of the acquisition, the timing, etc., This was very, very consciously done in areas where we felt we needed to bridge certain gaps. So, the two other areas that we have identified is cloud platforms, this is in the Azure and AWS space and then in the data and automation space. The CX space that we've identified, we believe in that space this is the right acquisition and we were very consciously going after salesforce as an area. So, on the three pillars, we've addressed one of them which is the customer experience, the digital experience, the front office. The two other pillars we're still very interested. So, over the next couple of years, we would be making some more acquisitions. Data moving to the cloud, AI and automation, some of the innovation that is happening with Azure and AWS, those are still interesting areas that we feel could be acquisition candidates.

Sunil Kothari: My second question is in today's interview you said that this proposed project has some 60 to 70 online consultants or engineers. So, are we utilizing those somewhere else currently or yet we have to wait for some time?

Arun Agarwal: Can you repeat your question? Sorry, I didn't get it.

Sunil Kothari: Arun, basically I think Hiral in today's ET Now interview mentioned that, we had 60 to 70 people on this, the health project which has been postponed. So, what is the status of those manpower, those skills, are we utilizing somewhere else now or we have to wait for some time?

Arun Agarwal: There is a combination. Some of those skill set has already gone into different projects. A combination of those were also served through sub-contractors and as you don't have those

requirements to let go the sub-contractors is a combination. I don't see significant talent sitting on bench from that particular issues out there, but yes, as we need, we can always onboard those talent back into the company.

Sunil Kothari: My last question is this event which has given little major creation to investors mind of this healthcare project which has been paused, do you feel it should have been announced little early whenever that happened, how do you react to this situation?

Arun Agarwal: So, again, as we mentioned, nothing has been concluded yet, the client has got into little pause mode, they are recalibrating as they got merged between multiple departments, they are recalculating their overall strategy. Again, as days goes, by we are also in a watch mode, we are having multiple interaction with them, how can we establish the project back maybe in different avatar as Hiral mentioned in the earlier point. And also, there are multiple new projects which is coming which can offset some of this impact at the same time. So, it's a combination and sometimes informing on the real-time basis become difficult because some of the decision-making is always a part of more discussion to make things happen in a positive way from both sides.

Sunil Kothari: True, but some suggestions will help us to impress or be more confident?

Arun Agarwal: Point taken. We will take care of it.

Moderator: The next question is from the line of Ashish Das from Sharekhan. Please go ahead.

Ashish Das: Arun, just a question on EBITDA margin. The Q1FY23 EBITDA margin is below the company's aspiration level. Earlier you used to say that it would be around 20%. Now you will take the wage revision in Q2FY23. What is the outlook for the EBITDA margin for FY'23?

Arun Agarwal: You are right, but as we mentioned, our endeavor is always to maintain a high teen closing to 20% was always the direction. However, the currency has impacted something which was not envisaged, Ashish. I mentioned in my commentary because since we have significant exposure to GBP and significant portion of our revenue comes from GBP, negative movement in that section led to some of the depletion in our margin profile. But still, our endeavor is to maintain in high teens and depending upon currency to be closer to 20% EBITDA.

Ashish Das: The impact of the wage revision would be higher than the last year?

Arun Agarwal: Again, as I mentioned, we are still working on. Q2 is the cycle when we do the wage release. Still, we are under discussion, Ashish. We should be able to give more information may be in the coming months.

- Ashish Das:** My next question is on your \$800 million framework deal. That is also related to NHS, that's the healthcare. So, what is the status? Still do we think that we will get any new deals under this framework in near future or it has also -?
- Arun Agarwal:** Ashish, that framework still continues. The two deals which Hiral mentioned about that we are quite positive if we are able to convert into Mastek's favor again will be able to offset the impact which we have got from the other pause, it's part of this framework. So, not only these two deals, we expect couple of more high value deals between \$30 million to \$50 million coming up in near term in the pipeline. When I say near term it's between three to six months.
- Hiral Chandrana:** Out of time. So, maybe I'll just take a minute to wrap up. First of all, thank you to everybody, all the investors, analysts for your support, your very thoughtful questions and feedback. Like I said it was a challenging and a mixed quarter, but we are seeing some good lead indicators which give us confidence for the future. I want to re-emphasize in a couple of things. Fundamentals of our strategy we believe are still in the right direction. Our oracle cloud business is still strong in terms of the market opportunity that we have in front of us. The differentiation that we see in our engagement because of the specialist nature of some of the business outcome focused engagement is still very strong and we're truly excited about the unlocking of values through the MST acquisition. It's in a space which is high growth and combined with our engineering and cloud transformation opportunities, the salesforce ecosystem presents a great opportunity for us to grow in the Americas so, with that like to again hand it over to the line, but thanks, everyone.
- Moderator:** On behalf of Mastek Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.