

Mastek in Numbers

₹172,186 lakhs
Revenue from Operations

25.6%
Return on Equity

0.3
Debt Equity Ratio

₹36,447 lakhs
Operating EBITDA

₹81.9
Earning Per Share (Diluted)

639
Customers

₹226 lakhs
Global CSR Spends

are getting used to the new normal where physicality has new meaning and businesses are accelerating their digital transformation plans to maintain their operations and evolve new business models for superior outcomes.

In FY2021, Mastek found itself in the eye of a perfect storm. The economic fallout of restrictive lockdown measures meant that the digital channel was the only customer touchpoint available. Organisations that couldn't adapt either put operations on pause or shut their doors permanently. Those that could adapt, not only thrived, but also stood the chance to own the future. The coalescing of this sudden surge in demand for digital transformation solutions, and Mastek's core focus in meeting this very same need, meant that FY2021 was marked to be an unusually prolific year.

At the outset, I am pleased to inform you that recently, we have appointed Hiral Chandrana as our Global Chief Executive Officer. He comes with a proven track record of leading and growing Digital Transformation business. Hiral will be based out of the US. He has over two and half decades of global experience in IT Services and Solutions across a diverse set of industries. He has worked with Wipro Limited and Electronic Data Systems (now part of DXC Technology) in progressive business leadership roles. In his last role during a 14-year stint at Wipro, he served as the Senior Vice President & Global Head, Business Application Services.

Financial Performance for the Year

Year 2020 was always going to be a pivotal year for Mastek. Internally, it marked the completion of our strategy Vision 2020 and externally UK, our key market where we secure most of our revenue, was to exit

the European Union (Brexit). We successfully navigated the challenging conditions of Brexit and took decisive actions to realign our business to support accelerated growth in FY 2021 and beyond. As we had begun FY2021, which was impacted by Covid-19, the future looked uncertain for the IT industry. We had to keep our eyes peeled to see how the evolving landscape would dictate our strategies. However, I am pleased to inform you that not only did we perform extremely well, but also we outperformed industry benchmarks.

Our healthcare business continued to accelerate during FY2021, while the government sector in the UK reported another year of sustained growth. Our Oracle EBM and cloud space also continued to be exciting, with many wins through the year. We found that our value proposition is increasingly able to win against large SIs across geographies. We entered three large deals during the year, primarily in the UK government and the healthcare space which makes us much more confident into the league in which we operate. The overall deal sizes increased, many of them being multi-year, multi-million-dollar deals.

In terms of our overall business performance, the proficiency of Evosys in Oracle cloud migration combined with Mastek's capability to cross-sell digital commerce and transformation services, helped us to win some remarkable large deals during the year. We also witnessed a strong demand acceleration in FY2021, reflected in our record order booking for the fiscal year end.

In terms of our Revenue, we grew our **top line by 60.7% to reach \$231.9 million**. This is driven by growth across verticals, especially in UK Public sector and full year impact from Evosys acquisition which also grew by +20% YoY. We also improved our operating **EBITDA margin to 21.2%, up by 667 bps** year-on-year.

~90%

UK order booking growth YOY.

£25+ million

Our first £25+ million deal was signed in FY2021

Consequently, our **PAT also grew by almost 121%, with an improvement of 416 bps** in our PAT margin. This was helped by significant control over our discretionary spends, reduction of travelling expenses due to restrictions, and overall control on our other operating levers.

The most gratifying end to FY2021 was the record order backlog we amassed, giving us a glimpse of how the near future will shape up. Our order book in terms of **12-month backlog grew by 42% year-on-year, which was worth \$155 million** at the year end. This gives us a big traction as we move forward. We look at the future with a great promise because we are in a space which is growing the fastest within the IT space.

We also navigated our cash position hawkishly well, by ensuring that we did not get stuck for any bad debts from potentially stressed retail clients who depended on discretionary sales, while also accelerating our payment terms with our other businesses. In fact, FY2021 was one of our best years in terms of collections. In addition, the sale proceeds which we earned from the share sale of Majesco, all put together, supported our cash balance to go up significantly during the year.

3-Year Vision and Strategies

Message from Vice-Chairman & Managing Director

To meet our Vision 2025 goals, we are building further on the success of FY2021, by undertaking multiple investments to build key competencies and adding new service lines while strengthening the existing ones.



Our US Digital Service business acquired 13 new logos for FY2021, of which 10 of them were in the non-retail sector, reaffirming our investments in D2X strategy.

In FY2021, we took a hard look at our future gameplay and resources required. From this introspection, we have set a clear vision for ourselves for getting into the \$1bn top-line league in second half of this decade. In a shorter timeframe, we wish to double our size within three years' time. To achieve our longer-term game plan, as first step, in FY'22 we are focusing on following four vectors:

Outcome-based selling:

We further evolved our go to market strategy in FY2021 by adopting "outcome-based selling". We now prefer to talk about customers' priorities, the things they care about, instead of our capabilities and services. Today, our philosophy is aligned to a Value Based Contracting model focused on outcomes, in which we look to baseline and objectively improve aspects of our clients' business. We even allocate a portion of our fees to be contingent on the success of stated outcomes, so we too have our skin in the game with an upside on successful completion.

Joint go to market (JTGM) synergy:

Since completing our acquisition of Evosys in FY2020, we've mainly focused on organisational resilience and transitioning the delivery ends of two organisations into one to work more congruently. Going forward, our focus on integrating the front-line market attack will

accelerate and yield Mastek even better market penetration. During FY2021, we booked almost 160 new customers through Evosys, all of them are ideal candidates for digital transformation that Mastek excels in. Furthermore, many of these logos have large balance sheet sizes and hence sizeable IT spend budgets. The joint go to market (JTGM) synergy of Evosys and Mastek is a key component of our ongoing growth. During FY2021, we intensified our focus through this approach by strengthening our management and leadership teams in all geographies. We also integrated our back-office services under a common leadership team, making us sharper and more agile in delivering our combined propositions. Through this approach over the next 3 years, we intend to build and expand our digital business by making many fortune 500 clients into 'customers for life' and earn a larger share of their wallets.

In our co-selling approach of our joint value propositions, Mastek has earned the rights of passage for competing more credibly and effectively against larger, more diversified GSIs. Being a smaller more focused and nimbler player, and with a much wider IT framework capability under our belt, your Company has the ability and desire to win bigger mandates, both in the public and private sectors. In FY2021, I was pleased to witness our migration from £10-12m deals to £25-30m deals.

Our significant large wins pave the way for a degree of reference-ability and customer confidence that Mastek can be a trusted partner with the ability to handle orders of sizeable magnitude. We have elevated our ambition, and now our pipeline includes bids which are upward of £35-£100 million range. This is a strong reflection of our capability and the trust that we enjoy with our customers.

Message from Vice-Chairman & Managing Director

EVOSYS ADVANTAGE

Global and Cross Pillar

1000+ Global Customers with presences in 30+ countries
Expertise in all Oracle Cloud Pillars

Value Based Delivery

Deliver Measurable Outcome

Verticalised Approach

Vertical specific solution developed for prominent verticals

Evosys Glide (On Premises to Cloud)

Transformation Platform for Oracle EBs, PeopleSoft, & SAP to Oracle Cloud.

Brilliant team and model to scale

1700+ consultant & growing across all pillars of Oracle Cloud

Outlook on Cloud

Market for cloud suites will continue to evolve over next 5 to 10 years. By 2024, Gartner expect 70% of all new midsize core financial management application projects & 35% of large and global ones to be deployed in the public cloud.

Comprehensive Digital Offerings:

As more than 80% of our offerings are in Digital Service areas, we have embarked upon adding more service lines to provide comprehensive solutions to our customers. To achieve this, we are building partnerships and investing in in-house capabilities in the areas of cloud-migration, AI-ML offerings, Next Generation Managed services. If it makes economic sense, we will also look at building these capabilities through M& A activities.

Beyond this for a longer-term success we are seriously investing in building Industry domain expertise in the areas of Health care, Financial Services, Manufacturing and Retail.

Capabilities and Talent:

Over last year, we have built capabilities to get into this growth mode for the next three years. We have added several individuals with strong credentials in our leadership clique. We have also added more than 388 (net) people during FY2021 for balancing out our skill sets. We do not intend to stop here and plan to keep adding sufficient capabilities as we move forward.

We are building further on the success of the previous fiscal, by undertaking a plethora of HR investments that will strengthen the foundational and operational support to the Mastek business. We intend to keep strengthening our leadership across all geography and technical capability grids, by complimenting existing ones with new ones. When it comes to our top performers, we intend to ring fence them and jointly plan their careers with them. We are also revamping up our retention and attraction of fresh talent in terms of graduate and intern hirings.

Covid response and community impact

FY2021 will be remembered as the year of COVID-19. For the Mastek team, it was a tale

of resilience reflected by the determination in facing the challenges and continuing to deliver on our commitments. Throughout, our priority has been the well-being of our people. Our leadership team stepped up into action without hesitation and took all the essential steps to establish and implement the necessary SOPs to ensure that safety came first. I am glad to share that our employee welfare initiatives to manage the COVID pandemic at our workplace were quite effective.

I am immensely proud of the way our resilient and agile workforce efficiently collaborated to quickly respond to the crisis, effectively transitioned to work-from-home setup and contributed to make Mastek successful during these unprecedented times. To mitigate the effects of the ongoing COVID crisis, we initiated advisory communication in January 2020 and adopted an integrated approach to safeguard our people, enable business operations from remote locations, and organize welfare initiatives covering financial, social, physical aspects of wellness with dedicated focus on emotional wellness. We also facilitated various leadership connect sessions along with opportunities for virtual engagement.

In addition to taking care of our employees, carrying out CSR initiatives is also an important pillar of our contribution to society. We believe in contributing to the world community to make the world a better place for everyone. Our charitable wing 'Mastek Foundation' worked in collaboration with the local health agencies and NGOs on the field to provide essential aid to individuals and families adversely affected by the pandemic. For instance, we raised over INR 50 lakhs through our annual fundraiser 'Inspired 2020' to provide COVID relief aid. We also organized global Gratitude is Attitude events every quarter along with Payroll Giving to raise funds for charitable organizations in India, the UK and US.

I invite you to read more about our various responses to COVID and our CSR initiatives in the Annual Report's ESG and MD&A related pages.

In closing

In summary, we accomplished a tremendous amount of progress in a relatively short period of time and placed the Company on a robust footing as we progress through FY2022. The overall business landscape across US, UK, and the Middle East business in the digital transformation space looks promising, and our cross-sell and co-sell continues to be a big engine that we have invested in and further solidifying. Our cloud capabilities continue to be at the sharp end of the spear driving our business forward. We continue to invest in sales, capabilities and technology innovations to help accelerate the growth momentum.

On behalf of the Board of Directors, I want to express our appreciation to our customers for entrusting us with their business, our investors, who believe in the potential of Mastek, and to our dedicated employees, who are such a key part of unleashing the future potential of this great Company. I would like to thank all our customers for entrusting us in shaping great outcomes for them. I also wish to extend my gratitude to our Board of Directors for their support and guidance, and my sincere thanks to our shareholders for their faith in the Mastek story. Most importantly, I would like to acknowledge our dedicated and talented employees, who are the foundation of our continued success.

Best regards,

Ashank Desai

Vice - Chairman and Managing Director