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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2021

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-34099

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**MASTECH DIGITAL, INC.**

(Exact name of registrant as specified in its charter)

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PENNSYLVANIA  
(State or other jurisdiction of  
incorporation or organization)

26-2753540  
(I.R.S. Employer  
Identification No.)

1305 Cherrington Parkway, Building 210, Suite 400  
Moon Township, Pennsylvania  
(Address of principal executive offices)

15108  
(Zip Code)

Registrant's telephone number, including area code: (412) 787-2100

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	MHH	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the registrant's Common Stock, par value \$.01 per share, outstanding as of April 30, 2021 was 11,431,052.

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**MASTECH DIGITAL, INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTER ENDED MARCH 31, 2021**

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

**MASTECH DIGITAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Amounts in thousands, except per share data)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenues	\$49,775	\$50,425
Cost of revenues	36,971	37,706
Gross profit	12,804	12,719
Selling, general and administrative expense	10,935	10,243
Income from operations	1,869	2,476
Interest income (expense), net	(195)	(279)
Other income (expense), net	(37)	53
Income before income taxes	1,637	2,250
Income tax expense	443	381
Net income	<u>\$ 1,194</u>	<u>\$ 1,869</u>
Earnings Per Share:		
Basic	<u>\$ .10</u>	<u>\$ .17</u>
Diluted	<u>\$ .10</u>	<u>\$ .16</u>
Weighted average common shares outstanding:		
Basic	11,415	11,127
Diluted	11,997	11,675

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**MASTECH DIGITAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Amounts in thousands)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net income	\$ 1,194	\$ 1,869
Other comprehensive income (loss):		
Net unrealized gain (loss) on interest-rate swap contracts	35	(94)
Foreign currency translation adjustments	(19)	(267)
Total pretax net unrealized gain (loss)	16	(361)
Income tax expense (benefit)	9	(25)
Total other comprehensive gain (loss), net of taxes	7	(336)
Total comprehensive income	<u>\$ 1,201</u>	<u>\$ 1,533</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**MASTECH DIGITAL, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share data)  
(Unaudited)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,242	\$ 7,677
Accounts receivable, net of allowance for uncollectible accounts of \$426 in 2021 and \$413 in 2020	23,425	22,036
Unbilled receivables	12,781	10,098
Prepaid and other current assets	1,238	1,346
Total current assets	44,686	41,157
Equipment, enterprise software, and leasehold improvements, at cost:		
Equipment	2,055	1,931
Enterprise software	2,730	2,730
Leasehold improvements	563	563
	5,348	5,224
Less – accumulated depreciation and amortization	(3,453)	(3,253)
Net equipment, enterprise software, and leasehold improvements	1,895	1,971
Operating lease right-of-use assets	3,199	3,286
Deferred income taxes	804	796
Non-current deposits	459	396
Goodwill, net of impairment	32,510	32,510
Intangible assets, net of amortization	21,137	21,930
Total assets	<u>\$104,690</u>	<u>\$ 102,046</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 4,400	\$ 4,400
Accounts payable	3,915	2,589
Accrued payroll and related costs	12,882	12,374
Current portion of operating lease liability	1,056	1,079
Other accrued liabilities	1,166	1,051
Deferred revenue	405	478
Total current liabilities	23,824	21,971
Long-term liabilities:		
Long-term debt, less current portion, net	11,795	12,875
Contingent consideration liability	2,882	2,882
Long-term operating lease liability, less current portion	2,273	2,325
Long-term accrued income taxes	165	165
Long-term payroll tax liabilities	2,295	2,295
Total liabilities	43,234	42,513
Commitments and contingent liabilities (Note 6)		
Shareholders' equity:		
Preferred Stock, no par value; 20,000,000 shares authorized; none outstanding	—	—
Common Stock, par value \$.01; 250,000,000 shares authorized and 13,076,972 shares issued as of March 31, 2021 and 13,039,893 shares issued as of December 31, 2020	130	130
Additional paid-in-capital	26,231	25,509
Retained earnings	39,814	38,620
Accumulated other comprehensive income (loss)	(532)	(539)
Treasury stock, at cost; 1,646,420 shares as of March 31, 2021 and as of December 31, 2020	(4,187)	(4,187)
Total shareholders' equity	61,456	59,533
Total liabilities and shareholders' equity	<u>\$104,690</u>	<u>\$ 102,046</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**MASTECH DIGITAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(Amounts in thousands)**  
**(Unaudited)**

	Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balances, December 31, 2020	\$ 130	\$ 25,509	\$ 38,620	\$(4,187)	\$ (539)	\$ 59,533
Net income	—	—	1,194	—	—	1,194
Other comprehensive gain, net of taxes	—	—	—	—	7	7
Stock-based compensation expense	—	621	—	—	—	621
Stock options exercised	—	101	—	—	—	101
Balances, March 31, 2021	<u>\$ 130</u>	<u>\$ 26,231</u>	<u>\$ 39,814</u>	<u>\$(4,187)</u>	<u>\$ (532)</u>	<u>\$ 61,456</u>
	Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balances, December 31, 2019	\$ 127	\$ 21,939	\$ 28,759	\$(4,187)	\$ (358)	\$ 46,280
Net income	—	—	1,869	—	—	1,869
Other comprehensive (loss), net of taxes	—	—	—	—	(336)	(336)
Stock-based compensation expense	—	456	—	—	—	456
Stock options exercised	1	555	—	—	—	556
Balances, March 31, 2020	<u>\$ 128</u>	<u>\$ 22,950</u>	<u>\$ 30,628</u>	<u>\$(4,187)</u>	<u>\$ (694)</u>	<u>\$ 48,825</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**MASTECH DIGITAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in thousands)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 1,194	\$ 1,869
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	997	873
Interest amortization of deferred financing costs	20	26
Stock-based compensation expense	621	456
Deferred income taxes, net	(8)	(182)
Operating lease assets and liabilities, net	12	(37)
Loss on disposition of fixed assets	—	2
Working capital items:		
Accounts receivable and unbilled receivables	(4,072)	(1,244)
Prepaid and other current assets	108	492
Accounts payable	1,326	(587)
Accrued payroll and related costs	508	1,554
Other accrued liabilities	141	(276)
Deferred revenue	(73)	(151)
Net cash flows provided by operating activities	<u>774</u>	<u>2,795</u>
<b>INVESTING ACTIVITIES:</b>		
Recovery of (payment for) non-current deposits	(63)	17
Capital expenditures	(128)	(119)
Net cash flows (used in) investing activities	<u>(191)</u>	<u>(102)</u>
<b>FINANCING ACTIVITIES:</b>		
(Repayments) borrowings on revolving credit facility, net	—	(2,244)
(Repayments) on term loan facility	(1,100)	(1,144)
Proceeds from exercise of stock options	101	556
Net cash flows (used in) financing activities	<u>(999)</u>	<u>(2,832)</u>
Effect of exchange rate changes on cash and cash equivalents	(19)	(267)
Net change in cash and cash equivalents	(435)	(406)
Cash and cash equivalents, beginning of period	7,677	2,981
Cash and cash equivalents, end of period	<u>\$ 7,242</u>	<u>\$ 2,575</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.



**MASTECH DIGITAL, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**  
**(Unaudited)**

**1. Description of Business and Basis of Presentation:**

**Basis of Presentation**

References in this Quarterly Report on Form 10-Q to “we”, “our”, “Mastech Digital”, “Mastech” or “the Company” refer collectively to Mastech Digital, Inc. and its wholly-owned operating subsidiaries, which are included in these Condensed Consolidated Financial Statements (the “Financial Statements”).

**Description of Business**

We are a provider of Digital Transformation IT Services to mostly large and medium-sized organizations.

Our portfolio of offerings includes data management and analytics services; digital learning services; and IT staffing services.

Reflective of our 2017 acquisition of the services division of Canada-based InfoTrellis, Inc., we have added specialized capabilities in delivering data and analytics services to our customers globally. This business offers project-based consulting services in the areas of data management, data engineering and data science, with such services delivered using on-site and offshore resources. In October 2020, we acquired AmberLeaf Partners, Inc. (“AmberLeaf”), a Chicago-based customer experience consulting firm. This acquisition expanded our capabilities in customer experience strategy and managed services offering for a variety of Cloud-based enterprise applications across sales, marketing and customer services organizations.

Our IT staffing business combines technical expertise with business process experience to deliver a broad range of staffing services in digital and mainstream technologies. Our digital technologies include data management, analytics, cloud, mobility, social and artificial intelligence. We work with businesses and institutions with significant IT spending and recurring staffing service needs. We also support smaller organizations with their “project focused” temporary IT staffing requirements.

The COVID-19 pandemic had a material impact on activity levels in both of our business segments in 2020. During the first quarter of 2021, we are encouraged by the global roll-out of vaccination programs and some signs of economic expansion and improving economic conditions as the impact of the pandemic subsides. There is, however, still uncertainty regarding the pace, nature and extent of the recovery of global markets and particular industries from the pandemic.

**Accounting Principles**

The accompanying Financial Statements have been prepared by management in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments, consisting principally of normal recurring adjustments, considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and the accompanying notes. Actual results could differ from these estimates. These Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements and accompanying notes for the year ended December 31, 2020, included in our Annual Report on Form 10-K filed with the SEC on March 16, 2021. Additionally, our operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that can be expected for the year ending December 31, 2021 or for any other period.

**Principles of Consolidation**

The Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

**Critical Accounting Policies**

Please refer to Note 1 “Summary of Significant Accounting Policies” of the Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2020 for a more detailed discussion of our significant accounting policies and critical accounting estimates. There were no material changes to these critical accounting policies during the three months ended March 31, 2021.

### **Segment Reporting**

The Company has two reportable segments, in accordance with Accounting Standards Committee (“ASC”) Topic 280 “Disclosures About Segments of an Enterprise and Related Information”: Data and Analytics Services and IT Staffing Services.

## **2. Revenue from Contracts with Customers**

The Company recognizes revenue on time-and-material contracts over time as services are performed and expenses are incurred. Time-and-material contracts typically bill at an agreed-upon hourly rate, plus out-of-pocket expense reimbursement. Out-of-pocket expense reimbursement amounts vary by assignment, but on average represent less than 2% of total revenues. Revenue is earned on a per transaction or labor hour basis, as that amount directly corresponds to the value of the Company’s performance. Revenue recognition is negatively impacted by holidays and consultant vacation and sick days.

The Company recognizes revenue on fixed price contracts over time as services are rendered and uses a cost-based input method to measure progress. Determining a measure of progress requires management to make judgments that affect the timing of revenue recognized. Under the cost-based input method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. The Company has determined that the cost-based input method provides a faithful depiction of the transfer of goods or services to the customer. Estimated losses are recognized immediately in the period in which current estimates indicate a loss. We record deferred revenues when cash payments are received or due in advance of our performance, including amounts which may be refundable.

The Company’s time-and-material and fixed price revenue streams are recognized over time as the customer receives and consumes the benefits of the Company’s performance as the work is performed.

In certain situations related to client direct hire assignments, where the Company’s fee is contingent upon the hired resources continued employment with the client, revenue is not fully recognized until such employment conditions are satisfied.

We do not sell, lease or otherwise market computer software or hardware, and essentially 100% of our revenue is derived from the sale of data and analytics, IT staffing and digital transformation services. We expense sales commissions in the same period in which revenues are realized. These costs are recorded within sales and marketing expenses.

Each contract the Company enters into is assessed to determine the promised services to be performed and includes identification of the performance obligations required by the contract. In substantially all of our contracts, we have identified a single performance obligation for each contract either because the promised services are distinct or the promised services are highly interrelated and interdependent and therefore represent a combined single performance obligation.

Our Data and Analytics Services segment provides specialized capabilities in delivering data management and analytics services to customers globally. This business offers project-based consulting services in the areas of Master Data Management, Enterprise Data Integration, Data Engineering and Analytics, which can be delivered using onsite and offshore resources.

Our IT Staffing Services segment combines technical expertise with business process experience to deliver a broad range of services in digital and mainstream technologies. Our digital technology stack includes data management and analytics, cloud, mobility, social and automation. Our mainstream technologies include business intelligence / data warehousing; web services; enterprise resource planning & customer resource management; and e-Business solutions. We work with businesses and institutions with significant IT spend and recurring staffing needs. We also support smaller organizations with their “project focused” temporary IT staffing requirements.

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The following table depicts the disaggregation of our revenues by contract type and operating segment:

	Three Months Ended March 31,	
	2021	2020
<b>Data and Analytics Services Segment</b>		
Time-and-material Contracts	\$ 5,854	\$ 4,127
Fixed-price Contracts	2,940	3,233
<b>Subtotal Data and Analytics Services</b>	<b>\$ 8,794</b>	<b>\$ 7,360</b>
<b>IT Staffing Services Segment</b>		
Time-and-material Contracts	\$ 40,981	\$ 43,065
Fixed-price Contracts	—	—
<b>Subtotal IT Staffing Services</b>	<b>\$ 40,981</b>	<b>\$ 43,065</b>
<b>Total Revenues</b>	<b>\$ 49,775</b>	<b>\$ 50,425</b>

For the three months ended March 31, 2021, the Company had one client (CGI = 15%) that exceeded 10% of total revenues. For the three months ended March 31, 2020, the Company had the same one client (CGI = 12.7%) that exceeded 10% of total revenues.

The Company's top ten clients represented approximately 47% and 46% of total revenues for the three months ended March 31, 2021 and 2020, respectively.

The following table presents our revenue from external customers disaggregated by geography, based on the work location of our customers:

	Three Months Ended March 31,	
	2021	2020
<b>United States</b>		
	\$ 47,942	\$ 49,350
Canada	1,264	861
India and other	569	214
<b>Total</b>	<b>\$ 49,775</b>	<b>\$ 50,425</b>

### 3. Business Combinations

On October 1, 2020, Mastech Digital, Inc., through its wholly-owned subsidiary Mastech Digital Data, Inc., acquired all of the outstanding shares of AmberLeaf Partners, Inc. ("AmberLeaf"). Under the terms of the Share Purchase Agreement executed in connection with the AmberLeaf acquisition (the "Purchase Agreement"), the Company paid at the closing of the acquisition approximately \$9.7 million in cash. The Purchase Agreement also requires the Company to pay to the former shareholders of AmberLeaf up to \$4.5 million in deferred cash payments, which payments are contingent upon the AmberLeaf business achieving specific revenue growth and EBITDA margin targets. The amount of these deferred cash payments, if any, is based upon the revenue growth and EBITDA margins of the AmberLeaf business for the 12-month period beginning on January 1, 2021 and for the 12-month period beginning January 1, 2022, as described more fully in the Purchase Agreement.

To fund the acquisition, on October 1, 2020 the Company entered into a Third Amendment (the "Third Amendment") to its Credit Agreement, as amended and dated April 20, 2018. The Third Amendment amends the Credit Agreement by, among other things, (1) increasing the aggregate commitment amount of the revolving credit facility to \$30 million (an increase of \$7.5 million); (2) providing for the Term Loan facility in the aggregate amount of \$17.5 million (an increase of \$10 million); (3) providing for an increase in the total commitment amount to the facility in an aggregate amount not to exceed \$15 million, upon the satisfaction of certain conditions; and (4) amending the financial covenant in the Credit Agreement related to the Company's Fixed Charge Coverage Ratio (as defined in the Credit Agreement) by increasing the minimum permitted Fixed Charge Coverage Ratio for each of the fiscal quarters ending on or after September 30, 2020.

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The acquisition was accounted for using the acquisition method of accounting. The acquisition method of accounting requires that the assets acquired and liabilities assumed be measured at their fair value as of the closing date.

The following table summarizes the fair value of consideration for the acquired business on the October 1, 2020 closing date:

<u>(in thousands)</u>	<u>Amounts</u>
Cash purchase price at closing	\$ 9,664
Working capital adjustments	—
Estimated payout of contingent consideration (1)	2,882
<b>Total Fair Value of Consideration</b>	<b>\$12,546</b>

- (1) Based on a valuation conducted by an independent third party, the fair value of contingent consideration at the closing date was determined to be \$2,882,000.

The cash purchase price at closing was paid with funds obtained from the following sources:

<u>(in thousands)</u>	<u>Amounts</u>
Cash balances on hand	\$ —
Increase in term loan debt facility	10,000
Revolving line of credit	(336)
<b>Cash Paid at Closing</b>	<b>\$ 9,664</b>

The allocation of the purchase price was based on estimates of the fair value of assets acquired and liabilities assumed as of October 1, 2020, as set forth below. The excess purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill, which includes value associated with the assembled workforce. Goodwill is expected to be largely deductible for tax purposes. The valuation of net assets acquired is as follows:

<u>(in thousands)</u>	<u>Amounts</u>
<b>Cash on hand</b>	<b>\$ 319</b>
<b>Working capital assets, net of liabilities</b>	<b>1,153</b>
<b>Identifiable intangible assets:</b>	
Client relationships	2,970
Covenant not-to-compete	440
Trade name	490
Technology	770
<b>Total identifiable intangible assets</b>	<b>4,670</b>
<b>Goodwill</b>	<b>6,404</b>
<b>Net Assets Acquired</b>	<b>\$12,546</b>

The fair value of identifiable intangible assets has been estimated using the income approach through a discounted cash flow analysis. Specifically, the Company used the income approach through an excess earnings analysis to determine the fair value of client relationships. The value applied to the covenant not-to-compete was based on an income approach using a “with or without” analysis of this covenant in place. The trade name and technology were valued using the income approach—relief from royalty method. All identifiable intangibles are considered level 3 inputs under the fair value measurement and disclosure guidance.

The Company incurred \$650,000 of transaction expenses related to the acquisition in 2020 inclusive of the write-off of \$185,000 of deferred finance costs. No transaction costs were incurred for the three months ended March 31, 2021 and 2020.

Included in the Condensed Statement of Operations for the three months ended March 31, 2021 are revenues of \$1.9 million and a net loss of approximately \$0.1 million applicable to the AmberLeaf operations acquired on October 1, 2020.

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The following reflects the Company’s unaudited pro forma results had the results of AmberLeaf been included for all periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Pro Forma</b>
<b>(Amounts in thousands, except per share data)</b>		
Revenue	\$ 49,775	\$ 53,634
Net income	\$ 1,194	\$ 2,337
Earnings per share—diluted	\$ .10	\$ .20

The information above does not reflect all of the operating efficiencies or inefficiencies that may have resulted from the AmberLeaf acquisition in those periods prior to the acquisition. Therefore, the unaudited pro forma information above is not necessarily indicative of results that would have been achieved had the business been combined during all periods presented.

**4. Goodwill and Other Intangible Assets, net**

Goodwill related to our June 15, 2015 acquisition of Hudson Global Resources Management’s U.S. IT staffing business (“Hudson IT”) totaled \$8.4 million. Goodwill related to our July 13, 2017 acquisition of the services division of InfoTrellis totaled \$27.4 million. Goodwill related to our October 1, 2020 acquisition of AmberLeaf totaled \$6.4 million.

The Company is amortizing the identifiable intangible assets on a straight-line basis over estimated average lives ranging from 3 to 12 years. Identifiable intangible assets were comprised of the following as of March 31, 2021 and December 31, 2020:

<b>(Amounts in thousands)</b>	<b>As of March 31, 2021</b>			
	<b>Amortization Period (In Years)</b>	<b>Gross Carrying Value</b>	<b>Accumulative Amortization</b>	<b>Net Carrying Value</b>
<b>IT Staffing Services:</b>				
Client relationships	12	\$ 7,999	\$ 3,861	\$ 4,138
Covenant-not-to-compete	5	319	319	—
Trade name	3	249	249	—
<b>Data and Analytics Services:</b>				
Client relationships	12	19,641	5,274	14,367
Covenant-not-to-compete	5	1,201	608	593
Trade name	5	1,711	956	755
Technology	7	1,979	695	1,284
<b>Total Intangible Assets</b>		<b>\$ 33,099</b>	<b>\$ 11,962</b>	<b>\$ 21,137</b>

<b>(Amounts in thousands)</b>	<b>As of December 31, 2020</b>			
	<b>Amortization Period (In Years)</b>	<b>Gross Carrying Value</b>	<b>Accumulative Amortization</b>	<b>Net Carrying Value</b>
<b>IT Staffing Services:</b>				
Client relationships	12	\$ 7,999	\$ 3,694	\$ 4,305
Covenant-not-to-compete	5	319	319	—
Trade name	3	249	249	—
<b>Data and Analytics Services:</b>				
Client relationships	12	19,641	4,866	14,775
Covenant-not-to-compete	5	1,201	548	653
Trade name	5	1,711	869	842
Technology	7	1,979	624	1,355
<b>Total Intangible Assets</b>		<b>\$ 33,099</b>	<b>\$ 11,169</b>	<b>\$ 21,930</b>

Amortization expense for the three months ended March 31, 2021 and 2020 totaled \$793,000 and \$673,000, respectively and is included in selling, general and administrative expenses in the Condensed Consolidated Statement of Operations.

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The estimated aggregate amortization expense for intangible assets for the years ending December 31, 2021 through 2025 is as follows:

	Years Ended December 31,				
	2021	2022	2023	2024	2025
Amortization expense	\$3,168	\$2,987	\$2,772	\$2,693	\$2,553

### 5. Leases

The Company rents certain office facilities and equipment under noncancelable operating leases. As of March 31, 2021, approximately 82,000 square feet of office space is utilized for our sales and recruiting offices, delivery centers, and corporate headquarters. All of our leases are classified as operating leases. The average initial lease term is four years. Several leases have an option to renew, at our sole discretion, for an additional term. Our present lease terms range from less than one year to 5.3 years with an average of 2.1 years. Leases with an initial term of twelve months or less are not recorded on the balance sheet.

The following table summarizes the balance sheet classification of the lease assets and related lease liabilities:

	March 31, 2021	December 31, 2020
	(in thousands)	
<b>Assets:</b>		
Long-term operating lease right-of-use assets	\$ 3,199	\$ 3,286
<b>Liabilities:</b>		
Short-term operating lease liability	\$ 1,056	\$ 1,079
Long-term operating lease liability	2,273	2,325
Total liabilities	\$ 3,329	\$ 3,404

Future minimum rental payments for office facilities and equipment under the Company's noncancelable operating leases are as follows:

	Amount as of March 31, 2021 (in thousands)
2021 (For remainder of year)	\$ 888
2022	1,187
2023	1,139
2024	339
2025	52
Thereafter	30
Total	3,635
Less: Imputed interest	(306)
Present value of operating lease liabilities	\$ 3,329

The weighted average discount rate used to calculate the present value of future lease payments was 5.2%.

We recognize rent expense for these leases on a straight-line basis over the lease term. Rental expense for the three months ended March 31, 2021 and 2020 totaled \$0.4 million and \$0.4 million, respectively.

Total cash paid for lease liabilities for the three months ended March 31, 2021 and 2020 totaled \$0.4 million and \$0.4 million, respectively.

New leases entered into during the three months ended March 31, 2021 and 2020 totaled \$0.3 million and \$0.2 million, respectively.

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On April 1, 2021, the Company entered into a three year operating lease for 35,356 square feet of office space in Chennai, India. This lease replaces the Company's existing 19,120 square foot lease. Lease payments over the three year period will approximate \$1.4 million in the aggregate. The lease is renewable for two additional three-year terms with a 15% increase in rent.

### **6. Commitments and Contingencies**

In the ordinary course of our business, the Company is involved in a number of lawsuits and administrative proceedings. While uncertainties are inherent in the final outcome of these matters, the Company's management believes, after consultation with legal counsel, that the disposition of these proceedings should not have a material adverse effect on our financial position, results of operations or cash flows.

### **7. Employee Benefit Plan**

The Company provides an Employee Retirement Savings Plan (the "Retirement Plan") under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), that covers substantially all U.S. based salaried and W-2 hourly employees. Employees may contribute a percentage of eligible compensation to the Retirement Plan, subject to certain limits under the Code. The Company did not provide for any matching contributions for the three months ended March 31, 2021 and 2020.

### **8. Stock-Based Compensation**

In 2008, the Company adopted a Stock Incentive Plan (the "Plan") which, as amended, provides that up to 4,900,000 shares of the Company's Common Stock shall be allocated for issuance to directors, officers and key personnel. Grants under the Plan can be made in the form of stock options, stock appreciation rights, performance shares or stock awards. During the three months ended March 31, 2021, the Company granted restricted share units of 11,955 and 270,000 stock option grants at an average strike price of \$17.65. During the three months ended March 31, 2020, the Company granted 11,475 restricted share units and 800,000 stock options at a strike price of \$15.49 under the Plan. As of March 31, 2021 there were 339,000 shares available for grants under the Plan.

Stock-based compensation expense for the three months ended March 31, 2021 and 2020 was \$621,000 and \$456,000, respectively, and is included in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

During the three months ended March 31, 2021 and 2020, the Company issued 29,739 and 141,066 shares, respectively, related to the vesting of restricted shares and the exercising of stock options.

In October 2018, the Board of Directors of the Company approved the Mastech Digital, Inc. 2019 Employee Stock Purchase Plan (the "Stock Purchase Plan"). The Stock Purchase Plan is intended to meet the requirements of Section 423 of the Code and was approved by the Company's shareholders to be qualified. On May 15, 2019, the Company's shareholders approved the Stock Purchase Plan. Under the Stock Purchase Plan, 600,000 shares of Common Stock (subject to adjustment upon certain changes in the Company's capitalization) are available for purchase by eligible employees who become participants in the Stock Purchase Plan. The purchase price per share is 85% of the lesser of (i) the fair market value per share of Common Stock on the first day of the offering period, or (ii) the fair market value per share of Common Stock on the last day of the offering period.

The Company's eligible full-time employees are able to contribute up to 15% of their base compensation into the employee stock purchase plan, subject to an annual limit of \$25,000 per person. Employees are able to purchase Company common stock at a 15% discount to the lower of the fair market value of the Company's common stock on the initial or final trading dates of each six-month offering period. Offering periods begin on January 1 and July 1 of each year. The Company uses the Black-Scholes option pricing model to determine the fair value of employee stock purchase plan share-based payments. The fair value of the six-month "look-back" option in the Company's employee stock purchase plans is estimated by adding the fair value of 15% of one share of stock to 85% of the fair value of an option on one share of stock. The Company utilized U.S. Treasury yields as of the grant date for its risk-free interest rate assumption, matching the Treasury yield terms to the six-month offering period. The Company utilized historical company data to develop its dividend yield and expected volatility assumptions.

During the three months ended March 31, 2021 and 2020, there were no shares issued under the Stock Purchase Plan. At March 31, 2021, there were 539,041 shares available for purchases under the Plan.

### **9. Credit Facility**

On July 13, 2017, the Company entered into a Credit Agreement (the "Credit Agreement") with PNC Bank, as administrative agent, swing loan lender and issuing lender, PNC Capital Markets LLC, as sole lead arranger and sole book-runner, and certain financial institution parties thereto as lenders (the "Lenders"). The Credit Agreement, as amended, provides for a total aggregate commitment of \$47.5 million, consisting of (i) a revolving credit facility (the "Revolver") in an aggregate principal amount not to exceed \$30 million (subject to increase by up to an additional \$15 million upon satisfaction of certain conditions) and; (ii) a \$17.5 million term loan facility (the "Term Loan), as more fully described in Exhibit 10.1 to the Company's Form 8-Ks filed with the SEC on July 19, 2017 and April 25, 2018, and Exhibit 10.2 to the Form 8-K/A filed with the SEC on October 7, 2020.

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The Revolver expires in October 2023 and includes swing loan and letter of credit sub-limits in the aggregate amount not to exceed \$6.0 million for swing loans and \$5.0 million for letters of credit. Borrowings under the Revolver may be denominated in U.S. dollars or Canadian dollars. The maximum borrowings in U.S. dollars may not exceed the sum of 85% of eligible U.S. accounts receivable and 60% of eligible U.S. unbilled receivables, less a reserve amount established by the administrative agent. The maximum borrowings in Canadian dollars may not exceed the lesser of (i) \$10.0 million; and (ii) the sum of 85% of eligible Canadian receivables, plus 60% of eligible Canadian unbilled receivables, less a reserve amount established by the administrative agent.

Amounts borrowed under the Term Loan are required to be repaid in consecutive quarterly installments through and including the maturity date of October 1, 2023. The principal amount of each quarterly installment payable on the Term Loan equals \$1.1 million through and including the maturity date, with the maturity date payment equal to the outstanding amount of the loan on that date.

Borrowings under the revolver and the term loan, at the Company's election, bear interest at either (a) the higher of PNC's prime rate or the federal funds rate plus 0.50%, plus an applicable margin determined based upon the Company's senior leverage ratio or (b) an adjusted London Interbank Offered Rate ("LIBOR"), with a floor of 0.50%, plus an applicable margin determined based upon the Company's senior leverage ratio. The applicable margin on the base rate is between 0.50% and 1.25% on revolver borrowings and between 1.75% and 2.50% on term loans. The applicable margin on the adjusted LIBOR is between 1.50% and 2.25% on revolver borrowings and between 2.75% and 3.50% on term loans. A 20 to 30-basis point per annum commitment fee on the unused portion of the revolver facility is charged and due monthly in arrears. The applicable commitment fee is determined based upon the Company's senior leverage ratio.

The Company pledged substantially all of its assets in support of the Credit Agreement. The credit agreement contains standard financial covenants, including, but not limited to, covenants related to the Company's senior leverage ratio and fixed charge ratio (as defined under the credit agreement) and limitations on liens, indebtedness, guarantees, contingent liabilities, loans and investments, distributions, leases, asset sales, stock repurchases and mergers and acquisitions. As of March 31, 2021, the Company was in compliance with all provisions under the facility.

In connection with securing the commitments under the Credit Agreement and the April 20, 2018 and October 1, 2020 amendments to the Credit Agreement, the Company paid a commitment fee and incurred deferred financing costs totaling \$752,000, which were capitalized and are being amortized as interest expense over the life of the facility. Deferred financing costs of \$205,000 and \$225,000 (net of amortization) as of March 31, 2021 and December 31, 2020, respectively, are presented as reductions in long-term debt in the Company's Condensed Consolidated Balance Sheets.

As of March 31, 2021 and December 31, 2020, the Company had no outstanding borrowings under the Revolver and unused borrowing capacity available was approximately \$25.0 million and \$22.0 million, respectively. The Company's outstanding borrowings under the term loan were \$16.4 million and \$17.5 million at March 31, 2021 and December 31, 2020, respectively.

## 10. Income Taxes

The components of income before income taxes, as shown in the accompanying Financial Statements, consisted of the following for the three months ended March 31, 2021 and, 2020:

	Three Months Ended March 31,	
	2021	2020
	(Amounts in thousands)	
Income before income taxes:		
Domestic	\$ 1,881	\$ 2,325
Foreign	(244)	(75)
Income before income taxes	<u>\$ 1,637</u>	<u>\$ 2,250</u>

The Company has foreign subsidiaries which generate revenues from foreign clients. Additionally, the Company has foreign subsidiaries which provide services to its U.S. operations. Accordingly, the Company allocates a portion of its income to these subsidiaries based on a "transfer pricing" model and reports such income as foreign in the above table.



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The provision for income taxes, as shown in the accompanying Financial Statements, consisted of the following for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
	(Amounts in thousands)	
Current provision:		
Federal	\$ 358	\$ 328
State	93	100
Foreign	10	110
Total current provision	<u>461</u>	<u>538</u>
Deferred provision (benefit):		
Federal	(6)	(104)
State	(2)	(30)
Foreign	(42)	(82)
Total deferred provision (benefit)	<u>(50)</u>	<u>(216)</u>
Change in valuation allowance	32	59
Total provision for income taxes	<u>\$ 443</u>	<u>\$ 381</u>

The reconciliation of income taxes computed using the statutory U.S. income tax rate and the provision for income taxes for the three months ended March 31, 2021 and 2020 were as follows (amounts in thousands):

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
Income taxes computed at the federal statutory rate	\$ 344	21.0%	\$ 473	21.0%
State income taxes, net of federal tax benefit	104	6.3	136	6.0
Excess tax benefits from stock options/restricted shares	(67)	(4.1)	(343)	(15.2)
Difference in tax rate on foreign earnings/other	30	1.9	56	2.5
Change in valuation allowance	32	2.0	59	2.6
	<u>\$ 443</u>	<u>27.1%</u>	<u>\$ 381</u>	<u>16.9%</u>

We evaluate deferred income taxes quarterly to determine if valuation allowances are required or should be adjusted. GAAP accounting guidance requires us to assess whether valuation allowances should be established against deferred tax assets based on all available evidence, both positive and negative using a “more likely than not” standard. Our assessment considers, among other things, the nature of cumulative losses; forecast of future profitability; the duration of statutory carry-forward periods and tax planning alternatives. At March 31, 2021, our valuation allowance was comprised of balances within locations of Singapore and the United Kingdom. The valuation allowance balances at these locations totaled \$211,000 and \$179,000 as of March 31, 2021 and December 31, 2020, respectively, and reflect net operating losses which may not be realizable in the future.

The Company is currently in the initial stages of an audit by the IRS of our 2018 tax return. Additionally, we have been notified by Revenue Canada that they will be conducting an audit of our Canadian subsidiary for the years 2018 and 2019 in the coming months.

## 11. Derivative Instruments and Hedging Activities

### *Interest Rate Risk Management*

Concurrent with the Company’s July 13, 2017 borrowings under its new credit facility, the Company entered into a 44-month interest-rate swap to convert the debt’s variable interest rate to a fixed rate of interest. Under the swap contracts, which matured on April 1, 2021, the Company paid interest at a fixed rate of 1.99% and received interest at a variable rate equal to the daily U.S. LIBOR on an initial notional amount of \$15.0 million. Notional amounts were \$7.5 million and \$8.1 million at March 31, 2021 and December 31, 2020, respectively. These swap contracts have been designated as cash flow hedging instruments and qualified as effective hedges at inception under ASC Topic 815, “Derivatives and Hedging”. These contracts are recognized on the balance sheet at fair value. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Operations as interest expense in the same period in which the underlying hedge transaction affects earnings. Changes in the fair value of interest-rate swap contracts deemed ineffective are recognized in the

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Consolidated Statements of Operations as interest expense. The fair value of the interest-rate swap contracts at March 31, 2021 and December 31, 2020 was \$0 and a liability of \$35,000, respectively, and is reflected in the Consolidated Balance Sheets as other current liabilities.

The effect of derivative instruments on the Condensed Consolidated Statements of Operations and Comprehensive Income are as follows (in thousands):

Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	Amount of Gain / (Loss) recognized in OCI on Derivatives	Location of Gain / (Loss) reclassified from Accumulated OCI to Income (Expense)	Amount of Gain / (Loss) reclassified from Accumulated OCI to Income (Expense)	Location of Gain / (Loss) reclassified in Income (Expense) on Derivatives	Amount of Gain / (Loss) recognized in Income (Expense) on Derivatives
	(Effective Portion)	(Effective Portion)	(Effective Portion)	(Ineffective Portion/Amounts excluded from effectiveness testing)	
<b>For the Three Months Ended March 31, 2021:</b>					
Interest-Rate Swap Contract	\$ 35	Interest Expense	\$ 34	Interest Expense	\$ —
Derivatives in ASC Topic 815 Cash Flow Hedging Relationships	Amount of Gain / (Loss) recognized in OCI on Derivatives	Location of Gain / (Loss) reclassified from Accumulated OCI to Income (Expense)	Amount of Gain / (Loss) reclassified from Accumulated OCI to Income (Expense)	Location of Gain / (Loss) reclassified in Income (Expense) on Derivatives	Amount of Gain / (Loss) recognized in Income (Expense) on Derivatives
	(Effective Portion)	(Effective Portion)	(Effective Portion)	(Ineffective Portion/Amounts excluded from effectiveness testing)	
<b>For the Three Months Ended March 31, 2020:</b>					
Interest-Rate Swap Contract	\$ (94)	Interest Expense	\$ (8)	Interest Expense	\$ —

Information on the location and amounts of derivative fair values in the Condensed Consolidated Balance Sheets (in thousands):

Derivative Instruments	March 31, 2021		December 31, 2020	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest-Rate Swap Contracts	Other Current Liabilities	\$ —	Other Current Liabilities	\$ 35

The estimated amount of pretax (loss) as of March 31, 2021 that is expected to be reclassified from other comprehensive income into earnings within the next 12 months is \$0.

## 12. Fair Value Measurements

The Company has adopted the provisions of ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”), related to certain financial and nonfinancial assets and liabilities. ASC 820 establishes the authoritative definition of fair value; sets out a framework for measuring fair value; and expands the required disclosures about fair value measurements. The valuation techniques required by ASC 820 are based on observable and unobservable inputs using the following three-tier hierarchy:

- Level 1—Inputs are observable quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2—Inputs are observable, other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are directly or indirectly observable in the marketplace.
- Level 3—Inputs are unobservable that are supported by little or no market activity.

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At March 31, 2021 and December 31, 2020, the Company carried the following financial assets (liabilities) at fair value measured on a recurring basis (in thousands):

(Amounts in thousands)	Fair Value as of March 31, 2021			
	Level 1	Level 2	Level 3	Total
Interest-Rate Swap Contracts	\$ —	\$ —	\$ —	\$ —
Contingent consideration liabilities	\$ —	\$ —	\$(2,882)	\$(2,882)

(Amounts in thousands)	Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Interest-Rate Swap Contracts	\$ —	\$ (35)	\$ —	\$ (35)
Contingent consideration liabilities	\$ —	\$ —	\$(2,882)	\$(2,882)

The fair value of interest-rate swap contracts are based on quoted prices for similar instruments from a commercial bank, and therefore, the fair value measurement is considered to be within Level 2.

The fair value of the contingent consideration liability was estimated by utilizing a probability weighted simulation model to determine the fair value of contingent consideration, and therefore, the fair value measurement is considered to be within Level 3.

In 2020, the Company incurred a \$2.9 million contingent consideration liability related to the AmberLeaf acquisition.

### 13. Shareholders' Equity

The Company purchases shares to satisfy employee tax obligations related to its Stock Incentive Plan. During the three months ended March 31, 2021 and 2020, no purchases were made to satisfy employee tax obligations related to the vesting of restricted stock.

### 14. Earnings Per Share

The computation of basic earnings per share is based on the Company's net income divided by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if outstanding stock options were exercised. The dilutive effect of stock options was calculated using the treasury stock method.

For the three months ended March 31, 2021, there were 150,000 anti-dilutive stock options excluded from the computation of diluted earnings per share. For the three months ended March 31, 2020, there were 440,000 anti-dilutive stock options excluded from the computation of diluted earnings per share.

### 15. Business Segments and Geographic Information

Our reporting segments are: 1) Data and Analytics Services; and 2) IT Staffing Services.

The Data and Analytics Services segment was acquired through the July 13, 2017 acquisition of the services division of Canada-based InfoTrellis, Inc. This segment is a project-based consulting services business with specialized capabilities in data management and analytics. The business is marketed as Mastech InfoTrellis and utilizes a dedicated sales team with deep subject matter expertise. Mastech InfoTrellis has offices in Atlanta, Toronto, London, Dublin and Singapore, and a global delivery center in Chennai, India. Project-based delivery reflects a combination of on-site resources and offshore resources. Assignments are secured on both a time and material and fixed price basis. In October 2020, we acquired AmberLeaf, a Chicago-based customer experience consulting firm. This acquisition expanded our capabilities in customer experience strategy and managed services offering for a variety of Cloud-based enterprise application across sales, marketing and customer service organizations.

The IT Staffing Services segment offers staffing services in digital and mainstream technologies and uses digital methods to enhance organizational learning. These services are marketed using a common sales force and delivered via our domestic and global recruitment centers. While the vast majority of our assignments are based on time and materials, we do have the capabilities to deliver our digital transformation services on a fixed price basis.

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	Three Months Ended March 31,	
	2021	2020
(Amounts in thousands)		
<b>Revenues:</b>		
Data and Analytics Services	\$ 8,794	\$ 7,360
IT Staffing Services	40,981	43,065
Total revenues	<u>\$49,775</u>	<u>\$ 50,425</u>
<b>Gross Margin %:</b>		
Data and Analytics Services	45.7%	47.1%
IT Staffing Services	21.4%	21.5%
Total gross margin %	<u>25.7%</u>	<u>25.2%</u>
<b>Segment operating income:</b>		
Data and Analytics Services	\$ 394	\$ 909
IT Staffing Services	2,268	2,240
Subtotal	2,662	3,149
Amortization of acquired intangible assets	(793)	(673)
Interest expenses and other, net	(232)	(226)
Income before income taxes	<u>\$ 1,637</u>	<u>\$ 2,250</u>

Below is a reconciliation of segment total assets to consolidated total assets:

	March 31,	December 31,
	2021	2020
(Amounts in thousands)		
<b>Total assets:</b>		
Data and Analytics Services	\$ 54,810	\$ 55,792
IT Staffing Services	49,880	46,254
Total assets	<u>\$104,690</u>	<u>\$ 102,046</u>

Below is geographic information related to our revenues from external customers:

	Three Months Ended March 31,	
	2021	2020
(Amounts in thousands)		
United States	\$ 47,942	\$ 49,350
Canada	1,264	861
India and Other	569	214
Total revenues	<u>\$ 49,775</u>	<u>\$ 50,425</u>

## 16. Recently Issued Accounting Standards

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740)”. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and by clarifying and amending other areas of Topic 740. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2020. We adopted this ASU on January 1, 2021 with no material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848)”. The amendments in this ASU provide optional guidance to ease the burden in accounting for contract modifications associated with the cessation of interbank offered rates, particularly LIBOR, as a result of reference rate reform. The amendments in this ASU are effective for annual and interim periods from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. We adopted this ASU on January 1, 2021 with no material impact on our consolidated financial statements.

A variety of proposed or otherwise potential accounting standards are currently under consideration by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, management has not yet determined the effect, if any that the implementation of such proposed standards would have on the Company’s consolidated financial statements.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our audited consolidated financial statements and accompanying notes for the year ended December 31, 2020, included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on March 16, 2021.

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about future events, future performance, plans, strategies, expectations, prospects, competitive environment and regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words, “may”, “will”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “intend” or the negative of these terms or similar expressions in this quarterly report on Form 10-Q. We have based these forward-looking statements on our current views with respect to future events and financial performance. Our actual financial performance could differ materially from those projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and our financial performance may be better or worse than anticipated. Given these uncertainties, you should not put undue reliance on any forward-looking statements. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under “Risk Factors”, “Forward-Looking Statements” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2020. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We do not undertake any duty to update forward-looking statements and the estimates and assumptions associated with them, after the date of this quarterly report on Form 10-Q, except to the extent required by applicable securities laws.

### **Website Access to SEC Reports:**

The Company’s website is [www.mastechdigital.com](http://www.mastechdigital.com). The Company’s Annual Report on Form 10-K for the year ended December 31, 2020, current reports on Form 8-K and all other reports filed with the SEC, are available free of charge on the Investors page. The website is updated as soon as reasonably practical after such reports are filed electronically with the SEC.

### **Critical Accounting Policies**

Please refer to Note 1 “Summary of Significant Accounting Policies” of the Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2020 for a more detailed discussion of our significant accounting policies and critical accounting estimates. There were no material changes to these critical accounting policies during the three months ended March 31, 2021.

**Overview:**

We are a provider of Digital Transformation IT Services to mostly large and medium-sized organizations.

Our portfolio of offerings includes data management and analytics services; other digital transformation services such as digital learning services; and IT staffing services.

We operate in two reporting segments – Data and Analytics Services and IT Staffing Services. Our data and analytics services are marketed on a global basis under the brand Mastech InfoTrellis and are delivered largely on a project basis with on-site and off-shore resources. These capabilities and expertise were acquired through our acquisition of InfoTrellis and enhanced and expanded subsequent to the acquisition. In October 2020, we acquired AmberLeaf Partners, Inc. (“AmberLeaf”), a Chicago-based customer experience consulting firm. This acquisition enhanced our capabilities in customer experience strategy and managed services offerings for a variety of Cloud-based enterprise applications across sales, marketing and customer services organizations. Our IT staffing business combines technical expertise with business process experience to deliver a broad range of staffing services in digital and mainstream technologies, as well as our other digital transformation services.

Both business segments provide their services across various industry verticals, including: financial services; government; healthcare; manufacturing; retail; technology; telecommunications; and transportation. In our Data and Analytics Services segment, we evaluate our revenues and gross profits largely by service line. In our IT Staffing Services segment, we evaluate our revenues and gross profits largely by sales channel responsibility. This analysis within both our reporting segments is multi-purposed and includes technologies employed, client relationships, and geographic locations.

**Economic Trends and Outlook:**

Generally, our business outlook is highly correlated to general North American economic conditions, particularly with respect to our IT Staffing Services segment. During periods of increasing employment and economic expansion, demand for our services tends to increase. Conversely, during periods of contracting employment and / or a slowing global economy, demand for our services tends to decline. As the economy slowed in 2007 and recessionary conditions emerged in 2008 and 2009, we experienced less demand for our IT staffing services. With economic expansion in 2010 through 2019, activity levels improved. However, as the recovery strengthened, we experience increased tightness in the supply-side (skilled IT professionals) of our businesses. These supply-side challenges pressured resource costs and to some extent gross margins. As we entered 2020, we were encouraged by continued growth in the domestic job markets and expanding U.S. and global economies. However, with the COVID-19 pandemic surfacing in the first quarter of 2020, we realized the economic growth would quickly turn into recessionary conditions, which had a material impact on activity levels in both of our business segments. As we enter 2021, we are encouraged by the global roll-out of vaccination programs and some signs of economic expansion. While there is still uncertainty in the global markets, we are hopeful that economic conditions will improve throughout the year as the impact of the pandemic subsides.

In addition to tracking general economic conditions in the markets that we service, a large portion of our revenues is generated from a limited number of clients (see Item 1A, the Risk Factor entitled “Our revenues are highly concentrated, and the loss of a significant client would adversely affect our business and revenues” in our Annual Report on Form 10-K for the year ended December 31, 2020). Accordingly, our trends and outlook are additionally impacted by the prospects and well-being of these specific clients. This “account concentration” factor may result in our results of operations deviating from the prevailing economic trends from time to time.

Within our IT Staffing Services segment, a larger portion of our revenues has come from strategic relationships with systems integrators and other staffing organizations. Additionally, many large end users of IT staffing services are employing MSP’s to manage their contractor spending. Both of these dynamics may pressure our IT staffing gross margins in the future.

Recent growth in advanced technologies (social, cloud, analytics, mobility, automation) is providing opportunities within our IT Staffing Services segment. However, supply side challenges have proven to be acute with respect to many of these technologies.

[Table of Contents](#)**Results of Operations for the Three Months Ended March 31, 2021 as Compared to the Three Months Ended March 31, 2020:***Revenues:*

Revenues for the three months ended March 31, 2021 totaled \$49.8 million compared to \$50.4 million for the corresponding three-month period in 2020. This slight year-over-year revenue decline reflected 19% growth in our Data and Analytics Services segment due to the AmberLeaf acquisition and a 5% decline in our IT Staffing Services segment due largely to the impact of the pandemic. For the three months ended March 31, 2021, the Company had one client that had revenues in excess of 10% of total revenues (CGI = 15.0%). For the three months ended March 31, 2020, the Company had one client that had revenues in excess of 10% of total revenues (CGI = 12.7%). The Company's top ten clients represented approximately 47% and 46% of total revenues for the three months ended March 31, 2021 and 2020, respectively.

Below is a tabular presentation of revenues by reportable segment for the three months ended March 31, 2021 and 2020, respectively:

<u>Revenues (Amounts in thousands)</u>	<u>Three Months Ended March 31, 2021</u>	<u>Three Months Ended March 31, 2020</u>
Data and Analytics Services	\$ 8,794	\$ 7,360
IT Staffing Services	40,981	43,065
Total revenues	<u>\$ 49,775</u>	<u>\$ 50,425</u>

Revenues from our Data and Analytics Services segment totaled \$8.8 million in the first quarter ending March 31, 2021, compared to \$7.4 million in the corresponding period last year. The year-over-year improvement was due to the AmberLeaf acquisition in October 2020, which contributed \$1.9 million during the quarter. Bookings in the first quarter of 2021 were \$15.8 million and pipeline opportunities have strengthened in recent months. However, pandemic-related delays have pushed out start dates on a number of projects.

Revenues from our IT Staffing Services segment totaled \$41.0 million in the three months ended March 31, 2021 compared to \$43.1 million during the corresponding 2020 period. This 5% revenue decline reflected the impact of the pandemic. Activity levels increased during the first quarter of 2021, as compared to the pandemic affected periods in 2020 and our billable consultant base increased by 99-consultants during first quarter 2021 to 1,162-consultants at quarter end. Our average bill rate in the first quarter of 2021 for the segment was \$75.12 / per hour compared to \$76.68 / per hour in the first quarter of 2020. The decrease in average bill rate was due to lower rates on new assignments and is reflective of the types of skill-sets that we deployed. Permanent placement / fee revenues were approximately \$0.2 million during the quarter, which was in-line with our permanent placement performance of a year ago.

*Gross Margins:*

Gross profits in the first quarter of 2021 totaled \$12.8 million compared to gross profits of \$12.7 million in the first quarter of 2020. Gross profit as a percentage of revenue was 25.7% for the three-month period ending March 31, 2021 compared to 25.2% during the same period of 2020. This 50-basis point improvement reflected higher revenue levels in our high-margin Data and Analytics Services segment (favorable revenue mix).

Below is a tabular presentation of gross margin by reporting segment for the three months ended March 31, 2021 and 2020, respectively:

<u>Gross Margin</u>	<u>Three Months Ended March 31, 2021</u>	<u>Three Months Ended March 31, 2020</u>
Data and Analytics Services	45.7%	47.1%
IT Staffing Services	21.4	21.5
Total gross margin	<u>25.7%</u>	<u>25.2%</u>

Gross margins from our Data and Analytics Services segment were 45.7% of revenues during the first quarter of 2021. This compares to gross margins of 47.1% in the first quarter of 2020, representing a 140-basis point decrease due to lower margin revenue projects attributable to AmberLeaf.

Gross margins from our IT Staffing Services segment were 21.4% in the first quarter of 2021 compared to 21.5% during the corresponding quarter of 2020. This slight decline reflected higher benefit costs in the 2021 quarter.

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### *Selling, General and Administrative (“S,G&A”) Expenses:*

Below is a tabular presentation of operating expenses by sales, operations, amortization of acquired intangible assets and general and administrative categories for the three months ended March 31, 2021 and 2020, respectively:

S,G&A Expenses (Amounts in millions)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
<b>Data and Analytics Services Segment</b>		
Sales and Marketing	\$ 1.8	\$ 1.3
Operations	0.8	0.4
Amortization of Acquired Intangible Assets	0.6	0.5
General & Administrative	1.0	0.8
<b>Subtotal Data and Analytics Services</b>	<b>\$ 4.2</b>	<b>\$ 3.0</b>
<b>IT Staffing Services Segment</b>		
Sales and Marketing	\$ 1.8	\$ 2.0
Operations	2.0	2.4
Amortization of Acquired Intangible Assets	0.2	0.2
General & Administrative	2.7	2.6
<b>Subtotal IT Staffing Services</b>	<b>\$ 6.7</b>	<b>\$ 7.2</b>
<b>Total S,G&amp;A Expenses</b>	<b>\$ 10.9</b>	<b>\$ 10.2</b>

S,G&A expenses for the three months ended March 31, 2021 totaled \$10.9 million or 21.9% of total revenues, compared to \$10.2 million or 20.2% of revenues for the three months ended March 31, 2020. Excluding amortization of acquired intangible assets in both periods, S,G&A expense as a percentage of total revenues would have been 20.3% and 18.8%, respectively. Fluctuations within S,G&A expense components during the first quarter of 2021, compared to the first quarter of 2020, included the following:

- Sales expense increased by \$0.3 million in the 2021 period compared to 2020. An increase of \$0.5 million related to our Data and Analytics Services segment which reflected \$0.3 million of AmberLeaf sales expense and \$0.2 million of staff increases in the sales organization. Sales expense in our IT Staffing Services segment declined by \$0.2 million due to staff reductions made in light of the pandemic.
- Operations expense was flat in the 2021 period compared to 2020. In our Data and Analytics Services segment operations expense increased \$0.2 million due to AmberLeaf. In our IT Staffing Services segment operations expense declined by \$0.2 million related to staff reductions in response to the pandemic.
- Amortization of acquired intangible assets was \$0.1 million higher in the 2021 period due to the AmberLeaf acquisition.
- General and administrative expense increased by \$0.3 million in the 2021 period compared to 2020. Approximately \$0.2 million was related to our Data and Analytics Services segment and \$0.1 million was related to our IT Staffing Services segment and both were largely due to higher compensation expense and stock-based compensation expense in the 2021 period.

### *Other Income / (Expense) Components:*

Other Income / (Expense) for the three months ended March 31, 2021 consisted of interest expense of (\$195,000) and foreign exchange losses of (\$37,000). For the three months ended March 31, 2020, Other Income / (Expense) consisted of interest expense of (\$279,000) and foreign exchange gains of \$53,000. The lower level of interest expense was reflective of debt repayments in 2020 and the first quarter of 2021.

### *Income Tax Expense:*

Income tax expense for the three months ended March 31, 2021 totaled \$443,000, representing an effective tax rate on pre-tax income of 27.1% compared to \$381,000 for the three months ended March 31, 2020, which represented a 16.9% effective tax rate on pre-tax income. The lower effective tax rate in the 2020 period largely reflected tax benefits related to the exercise of stock options and the vesting of restricted share units.



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### **Liquidity and Capital Resources:**

#### *Financial Conditions and Liquidity:*

At March 31, 2021, we had bank debt, net of cash balances on hand, of \$9.2 million and approximately \$25 million of borrowing capacity under our existing credit facility.

Historically, we have funded our organic business needs with cash generated from operating activities. Controlling our operating working capital levels by closely managing our accounts receivable balance is an important element of cash generation. At March 31, 2021, our accounts receivable “days sales outstanding” (“DSOs”) measurement was 65-days, which is on the higher end of our acceptable range and reflected a late payment from a major client due at quarter-end.

We believe that cash provided by operating activities, cash balances on hand and current availability under our credit facility will be adequate to fund our business needs and debt service obligations over the next twelve months, absent any acquisition-related activities.

#### *Cash flows provided by (used in) operating activities:*

Cash provided by operating activities for the three months ended March 31, 2021 totaled \$0.8 million compared to \$2.8 million during the three months ended March 31, 2020. Elements of cash flows in the 2021 period were net income of \$1.2 million, non-cash charges of \$1.6 million, and an increase in operating working capital levels of (\$2.0 million). During the three months ended March 31, 2020, elements of cash flow were net income of \$1.9 million, non-cash charges of \$1.1 million, and an increase in operating working capital levels of (\$0.2 million). The operating working capital increases in 2021 reflected a late payment from a major client due at the end of the quarter.

#### *Cash flows (used in) investing activities:*

Cash (used in) investing activities for the three months ended March 31, 2021 was (\$191,000) compared to (\$102,000) for the three months ended March 31, 2020. In both 2021 and 2020 capital expenditures represented the majority of these expenditures.

#### *Cash flows provided by (used in) financing activities:*

Cash provided by (used in) financing activities for the three months ended March 31, 2021 totaled (\$1.0 million) and consisted of debt repayments of (\$1.1 million), partially offset by proceeds from the exercise of stock options of \$0.1 million. Cash provided (used in) financing activities for the three months ended March 31, 2020 totaled (\$2.8 million) and consisted of net repayments under our revolving credit facility of (\$2.3 million ) and (\$1.1 million) of debt payments on our term loan facility, partially offset by \$0.6 million of proceeds from the exercise of stock options.

### **Off-Balance Sheet Arrangements:**

We do not have any off-balance sheet arrangements.

#### *Inflation:*

We do not believe that inflation had a significant impact on our results of operations for the periods presented. On an ongoing basis, we attempt to minimize any effects of inflation on our operating results by controlling operating costs and, whenever possible, seeking to ensure that billing rates are adjusted periodically to reflect increases in costs due to inflation.

#### *Seasonality:*

Our operations are generally not affected by seasonal fluctuations. However, our consultants’ billable hours are affected by national holidays and vacation policies. Accordingly, we generally have lower utilization rates and higher benefit costs during the fourth quarter. Additionally, assignment completions tend to be higher near the end of the calendar year, which largely impacts our revenue and gross profit performance during the subsequent quarter.

### **Recently Issued Accounting Standards:**

Recent accounting pronouncements are described in Note 16 to the accompanying financial statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Cash and cash equivalents are defined as cash and highly liquid investments with maturities of three months or less when purchased. Cash equivalents are stated at cost, which approximates market value. Our cash flows and earnings are subject to fluctuations due to currency exchange rate variations. Foreign currency risk exists by nature of our global recruitment and delivery centers. In 2012 through 2015, we attempted to limit our exposure to currency exchange fluctuations in the Indian rupee via the purchase of foreign currency forward contracts. The Company elected not to engage in currency hedging activities in 2016 to date.

### ITEM 4. CONTROLS AND PROCEDURES

#### *Disclosure Controls and Procedures*

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of Company management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Exchange Act rules 13a-15(b) and 15d-15(b). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures were not effective due to the previously identified and disclosed material weaknesses described below.

The Company completed the acquisition of AmberLeaf Partners, Inc. on October 1, 2020 and has not yet included AmberLeaf in its assessment of the effectiveness of its internal control over financial reporting. The Company is currently integrating AmberLeaf into its operations, compliance programs and internal control processes. Accordingly, pursuant to the SEC’s general guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment for one year following the acquisition, the scope of our assessment of the effectiveness of our disclosure controls and procedures does not include AmberLeaf. AmberLeaf constituted approximately 13% of the Company’s total assets (inclusive of acquired intangible assets) as of March 31, 2021, and approximately 14% of the Company’s net sales for the three months ended March 31, 2021. AmberLeaf will be included in our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021.

#### *Previously Identified Material Weakness in Internal Control over Financial Reporting*

As disclosed in Part II, Item 9A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, management has identified material weaknesses in the Company’s internal controls related to (1) management review controls designed to address risks associated with complex accounting matters that arise from significant routine and non-routine transactions related to goodwill impairment, business combinations, revenue recognition, share-based compensation, and income taxes; and (2) information technology general controls in the areas of change management, information security and IT operations. The material weaknesses will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

#### *Implementation of Plan to Remediate Material Weaknesses*

Management is in the process of implementing measures designed to improve the Company’s internal control over financial reporting to remediate these material weaknesses. Remediation activities and planning are subject to ongoing senior management review, as well as audit committee oversight. During the quarter ended March 31, 2021, we implemented the following changes to our internal control over financial reporting:

- hired additional personnel; and
- enhanced our management review control processes associated with complex accounting matters.

Management will take additional measures to address the material weakness described above.

While we believe the changes described above will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot assure you that the measures we have taken to date, or that we may take in the future, will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

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The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this quarterly report on Form 10-Q.

### ***Changes in Internal Control over Financial Reporting***

As described above, there were changes in the Company's internal control over financial reporting during the quarter ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

In the ordinary course of our business, we are involved in a number of lawsuits and administrative proceedings. While uncertainties are inherent in the final outcome of these matters, management believes, after consultation with legal counsel, that the disposition of these proceedings should not have a material adverse effect on our financial position, results of operations or cash flows.

### **ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 16, 2021.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

A summary of our Common Stock repurchased during the quarter ended March 31, 2021 is set forth in the following table:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under this Plan or Programs (1)</u>
January 1, 2021 — January 31, 2021	—	—	—	—
February 1, 2021 — February 28, 2021	—	—	—	—
March 1, 2021 — March 31, 2021	—	—	—	—
Total	—	—	—	—

(1) As of March 31, 2021, the Company does not have a publicly announced repurchase program in place.

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### **ITEM 6. EXHIBITS**

#### (a) Exhibits

- 10.1 [Schedule A-5, dated March 10, 2021, to Fourth Amended and Restated Executive Employment Agreement, dated as of March 20, 2019, between Mastech Digital Technologies, Inc., Mastech Digital, Inc. and Vivek Gupta \(incorporated by reference to Exhibit 10.1 to Mastech Digital, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 12, 2021\)](#)
- 10.2 [Executive Employment Agreement, dated December 12, 2018, between Mastech InfoTrellis Inc. and Paul Burton \(incorporated by reference to Exhibit 10.2 to Mastech Digital, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 12, 2021\)](#)
- 10.3 [Schedule A-10, dated March 20, 2021, to Third Amended and Restated Executive Employment Agreement, dated as of March 20, 2019, between Mastech Digital Technologies, Inc., Mastech Digital, Inc. and John J. Cronin, Jr. \(incorporated by reference to Exhibit 10.3 to Mastech Digital, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 12, 2021\)](#)
- 10.4 [Lease Deed, made and executed on April 1, 2021, by and between Olympia Tech Park \(Chennai\) Private Limited and InfoTrellis India Private Limited](#)
- 31.1 [Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer is filed herewith.](#)
- 31.2 [Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer is filed herewith.](#)
- 32.1 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Chief Executive Officer is furnished herewith.](#)
- 32.2 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Chief Financial Officer is furnished herewith.](#)
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 7th day of May, 2021.

May 7, 2021

MASTECH DIGITAL, INC.

/s/ VIVEK GUPTA

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**Vivek Gupta**  
**Chief Executive Officer**

/s/ JOHN J. CRONIN, JR.

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**John J. Cronin, Jr.**  
**Chief Financial Officer**  
**(Principal Financial Officer)**



தமிழ்நாடு தமில்நாடு TAMILNADU

31 MAR 2021 Olympia Tech Park (Chennai) Pvt Ltd

CD 788098  
v.BEDHARAJAN  
Stamp Vendor  
L.No: 12144/B/196  
Ekkattuthangal, Ch-32.  
Mobile No: 9710019475

**LEASE DEED**

THIS LEASE DEED is made and executed on this 01st day of April 2021.

**BY AND BETWEEN:**

**Olympia Tech Park (Chennai) Private Limited**, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at No.1, SIDCO Industrial Estate, Guindy, Chennai 600 032 and represented by its Director, Mr. Chandrakant Kankaria, (hereinafter referred to as the "**Lessor**", which expression shall, unless repugnant to the context or meaning thereof, mean and include its successors-in-interest and title, assigns or anyone claiming through or under it) of the **ONE PART**;

**AND**

**INFOTRELLIS INDIA PRIVATE LIMITED**, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Unit 702, Tower 3B 7th Floor, RMZ Millennia Business Park, Phase 2, 143, Dr. MGR Road, Kandanchavadi, Chennai 600 096 represented by its Director Mr. S Rajkumar (hereinafter referred to as the "**Lessee**", which expression shall, unless it be repugnant to the context or the meaning thereof, mean and include its successors-in-interest and title, assigns or anyone claiming through or under it) of the **OTHER PART**.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

The Lessor and the Lessee are hereinafter individually referred to as a "Party" and collectively as the "Parties", as the context may require.

**WHEREAS:**

1. The Lessor represents that it is the absolute owner of and in possession of building known as 'Olympia Technology Park' ("**said Building**") constructed on Land more particularly described in **Schedule A** hereunder written;
2. M/s KHIVRAJ TECH PARK PRIVATE LIMITED, a Private Limited Company acquired land situate at No.1, SIDCO Industrial Estate, Guindy, Chennai - 600 032 vide 46 Sale Deeds as listed in the Schedule C hereunder written.
3. Whereas On 5th April, 2011 a Partnership deed was executed to set up a partnership firm under the name "Khivraj Tech Park" between 5 Partners including M/s. Khivraj Tech Park Private Limited who contributed 'Olympia Technology Park' towards the capital of the said Partnership firm.
4. Whereas in 2013, the Said Partnership firm Khivraj Tech Park was converted into a Private Limited Company under the name and style of 'OLYMPIA TECH PARK (CHENNAI) PRIVATE LIMITED' under chapter IX of the Indian Companies Act. As per the said Act on such conversion all the assets and liabilities of the Partnership firm statutorily vests with the converted company.
5. Whereas Olympia Tech Park (Chennai) Private Limited has represented that pursuant to the above it is the sole and absolute owner of the Olympia Technology Park and has full right, title, possession and legal capacity to enter into lease deeds such as the present one for the purpose of leasing out premises situate within the said Building.
6. The Lessee is a specialist data management and advanced analytics firm.
7. The Lessor and the Lessee are entering into this Lease Deed to the extent that set out the rights, duties and obligations mutually agreed upon for the term of the Lease Deed, and for any renewals thereof.

**WHEREAS** the Lessor and the Lessee, in consideration of the rights, privileges, obligations and agreements contained in this Lease Deed, agree as follows.

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

**1. LEASE AND DESCRIPTION OF THE PREMISES**

The Lessee, being desirous of taking on lease the Premises (as defined below) for the purpose of carrying on its business operations, has, relying on the aforesaid representations of the Lessor, approached the Lessor, and the Lessor has agreed to give on lease the Premises to the Lessee, on the terms and conditions agreed upon in this Lease Agreement.

- A. The Lessor is the sole and absolute owner of **35,356 sq.ft** super built up area of warm shell office space at **5th office floor (Level 6)** in the blocks Altius B&C of Olympia Technology Park, situated at Plot No.1, SIDCO Industrial Estate, Guindy, Chennai - 600 032 along with 35 no.s of reserved car parking slots (on the ratio of 1:1000 sqft of the lease area at no additional cost) which it shall demise unto the Lessee in terms hereof for the Lessee's exclusive use (all of which are more particularly described in the Schedule 'B' hereunder written and are hereinafter referred to as the 'Premises').

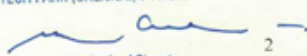
**2. HANDOVER DATE**

The Lessor shall hand over the possession of the warm shell Premises to the Lessee for fit outs on or prior to 1<sup>st</sup> of April 2021.

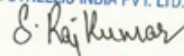
**3. LEASE TERM**

- A. The lease of the Premises shall be operative for initial period of three (3) years commencing 1<sup>st</sup> of April 2021 and ending on 31<sup>st</sup> of March 2024 (the "**Initial Lease Term**").
- B. The Lease Deed may be renewed further for two (2) terms of three (3) years each on the same terms and conditions of this Lease Deed, by executing a fresh lease deed to be duly stamped and registered as per the applicable laws.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory 2

For INFOTRELLIS INDIA PVT. LTD.

  
Director

#### **4. LOCK-IN PERIOD**

The Lessee may not terminate the said lease deed for a minimum of 36 months from the Lease Commencement date (as hereinafter defined) of the initial lease term hereinafter termed as "Lock-In Period" save and except on account of uncured breach by the Lessor as set out in Article 11B.

The Lessor shall also be locked in without an option to terminate the lease during the Lock In Period save and except on account of uncured breach by the Lessee as set out in Article 11B.

There shall be no lock-in period during any of the renewal terms.

#### **5. RENT FOR THE PREMISES**

A. The Lessee agrees and undertakes to pay the warm shell rent at the rate of Rs.77.00/- (Rupees: Seventy Seven only) per sq.ft per month calculated on the Super Built up Area of 35,356 sq.ft of the Demised premises which amount to Rs. 27,22,412 /- (Rupees: Twenty-Seven Lakhs Twenty-Two Thousand and Four Hundred and Twelve only) with applicable taxes extra (the "Rent") per month to be paid into the designated bank account of the Lessor. However, the first (4) months from the Lease Commencement Date shall be provided to the Lessee as Rent Free Period (the "Rent Free Period"), during which the Lessee shall not be required to pay any Rent. The Lessee shall be required to pay Rent for the Premises after 4 months of the Lease Commencement Date (the "Rent Commencement Date"). The warm shell rent shall be subject to escalation of 15% increase after three years as tabulated below.

Sl.No	Rental Period	Warm Shell Rent / Sq.ft	Rent / Month
1	1 <sup>st</sup> of August 2021 to 31 <sup>st</sup> of March 2024	Rs. 77.00	Rs. 27,22,412.00

B. In the event of any delay in the payment of the monthly rent beyond the ten (10) days of the due date as set out in Article 5D herein, the Lessee shall be liable to pay interest on such outstanding payment @ 18% per annum calculated from the date when the payment is due to the actual date of payment.

C. **Rent Commencement Date:** The Lessee agrees to pay the monthly warm shell rent as set out above for the demised Premises effective from 01<sup>st</sup> of August 2021

D. The rent would be paid in advance by the Lessee to the Lessor for the applicable month by 5th of every month subject to the statutory deduction of tax at source.

#### **6: SECURITY DEPOSIT**

A. The Lessee agrees to pay to the Lessor an amount equivalent to Six (6) months Warm Shell Rent of Rs. 1,63,34,472/- (Rupees One Crore Sixty-Three Lakhs Thirty-Four Thousand Four Hundred Seventy-Two Only) as interest free refundable security deposit ('Security Deposit') during the Term in the following manner:

- a) The Lessee has paid to Lessor IFRSD of Rs. 53,74,112/- (Rupees: Fifty-Three Lakhs Seventy-Four One Hundred and Twelve Only) on the execution of the Letter of Intent dated 18-Feb-2021 and the balance IFRSD of Rs. 1,09,60,360/- (Rupees: One Crore Nine Lakhs Sixty Thousand Three Hundred and Sixty Only) at the time of execution of this Lease Deed receipt of which amounts is hereby acknowledged by the Lessor.

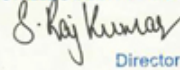
B. The Security Deposit shall be the fixed amount as set out herein and will not be subject to any escalation during the term of the Lease Deed irrespective of any subsequent escalation in the Rent.

C. The Security Deposit shall be refunded by the Lessor simultaneously upon the Lessee handing over vacant possession of the Premises to the Lessor on expiry of the lease period or pursuant to a termination of the lease. The Lessor may adjust any arrears of monthly rent, arrears of maintenance charges or arrears of charges for electricity consumed by the Lessee at the Premises or any other payments due to be payable by the Lessee against the Security Deposit prior to refunding the same. If the Lessor fails to refund the Security Deposit simultaneously upon the Lessee vacating and handing over vacant possession of the premise, the Lessee will be entitled to continue to occupy and use the Premises pending refund of the Security Deposit in its entirety. The Lessee shall not be obliged to pay any Rent for such period, until the entire Security Deposit is refunded in full to the Lessee, and such non-payment of Rent shall not be considered as breach of the terms of this Lease Deed. In addition, the Lessee shall also be entitled to interest at the rate of 18% per annum from the date on which the payment was due till such time the Security Deposit is repaid to the Lessee. In addition to exercising the rights mentioned above, the Lessee may pursue such other remedies as may be available to it under this Agreement and / or at law and / or in equity.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director



## 7. MAINTENANCE & UTILITY CHARGES

A. The Lessee shall maintain (i.e. routine day-to-day maintenance) the internal areas of the Premises at its own cost.

B. During the period of the lease, the Lessee shall over and above the rent herein reserved also bear and pay the following expenses in respect of the Premises.

(i) All charges for electricity consumed by the Lessee in the Premises in accordance with the individual meter reading thereof shall be paid to the Maintenance Company (Olympia Tech Park Chennai private limited) based on actual costs as per the prevailing parks billing policy. The Lessee shall pay the electricity consumption charges for the air-conditioners as per the BTU meter reading.

(ii) Charges for heating ventilation and air conditioning (HVAC) consumption shall be based on actual costs in accordance with the meter readings. A detailed invoice, along with the breakup of the calculation, shall be provided to the Lessee, and it is hereby agreed that no mark ups will be added to the invoice.

C. It is further agreed that the Lessor will make & use all efforts to ensure that the Maintenance Company and any other parties who are primarily responsible for maintenance of the building shall at all times well maintain the building in which the Premises are situated. The Lessor shall procure that all services in the building in which the Premises are situated covered in this Lease Deed and in the proposed Maintenance Agreement to be executed with the Maintenance Company including but not limited to the services set out in **Annexure 3** shall be provided to the Lessee in accordance with the same or uniform standard as provided to the other tenants of the building and building complex in which the Premises are situated. If there is a disruption in any of the aforementioned services, the Lessee will provide the Lessor with written notice and the Lessor shall have seven (7) days to re-instate such disrupted services through any of the appropriate channels, including the Maintenance Company, or any associated vendor or service provider. The Lessor will provide the Lessee with a written explanation of the disruption of service and the estimated duration of time until the services are fully restored, as soon as practically possible. Any breach of service that extends past the seven (7) day period shall be considered an Event of Default under this Lease Deed excepting in case of Force majeure situation and the Lessee shall have the right to either get the same rectified at the Lessors cost or terminate the Lease Deed for such Event of Default in accordance with the provisions of Article 11C.

E. The Lessee shall have unlimited access to the Premises twenty-four (24) hours a day, all days of the week with full infrastructure and facilities including lifts, power, power back-up and air-conditioning, access to parking lots and Common Amenities.

### F. Air-conditioning

The Lessor shall provide air-conditioning as per the **Annexure 4**.

### G. Power

The Lessor shall provide permanent power infrastructure and connections for a power load of 1 kVA per 100 Sq.ft of the Super Built-Up Area of the Demised Premises.

The Lessor shall provide electricity power for the Premises as mentioned in the technical **Annexure 4** at no extra cost.

The Lessee shall approach the Lessor for any further load enhancement over and above the allotted infrastructure load of 1kVA per 100 sq.ft. and the Lessor shall examine such requests and provide subject to availability at that point of time and all such costs associated with providing such additional capacity including the infrastructure costs shall be borne by the Lessee. If there needs to get additional power from TANGEDCO, then the landlord shall extend support in facilitation and again it is subject to TANGEDCO providing the same and all such costs associated with the securing of such additional power and the associated infra costs shall be borne by the Lessee.

### H. Power Back-up

The Lessor shall provide 100% power backup for 24 hours a day to the Premises as per the Technical **Annexure 4**. The Lessee shall pay the DG charges as per the consumption and prevailing parks billing policy which would be detailed out in the maintenance agreement.

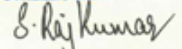
### I. Water & Sewage

No connection charge shall be payable by the Lessee for the "Premises" towards water and sewage connections. The Lessor shall be responsible for providing Water & Sewage Connection in accordance with applicable laws.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorized Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

#### J. Vehicular Parking

The Lessor shall provide one (1) car parking slot for every one thousand (1000) square feet of super built-up area, free of cost pro-rata to the area of the Premises i.e. 35 Car parking slots against the Premises being demised under the present Lease Deed. The Lessee shall be entitled to use such car parking slots for parking either cars or two wheelers as per Lessee convenience ideally in the ratio of 3 two wheelers against 1 car park. Any additional covered Two-wheeler parking slots other than the space provided as per the above-mentioned car parking will be chargeable at Rs. 600/- per slot per month plus applicable taxes. Additional parking slots for Car as well as Two-wheeler shall be provided subject to availability at the time of request and the associated cost towards the same shall be mutually agreed at the relevant time.

#### K. Legal Fee and Registration of the Lease Deed

Each Party shall bear its own legal expenses. The stamp duty and registration charges payable in respect of the Lease Deed, as applicable, shall be borne by the Lessee.

The Lessor shall take care of the registration formalities of the Lease Deed. The Lessee will cooperate by providing all necessary documentation and other reasonable assistance to the Lessor to complete such formalities.

#### L. Signage

The Lessee shall be entitled to exhibit signboards, displays and advertisements or any other logo at the designated places earmarked by the Lessor inside the building in which the Premises are situated in such suitable manner as it deems fit. Further, such signboards outside the building in which the Premises are situated shall also be exhibited only at such places earmarked by the Lessor. However, if any party gets signage rights on the elevation and/ or any other location of the building/ building complex in which the Premises are situated, then the Lessor shall procure that such signages, displays and advertisements or logos do not obstruct the Lessee's use of the Premises in general and any passages or doors or windows or open spaces in particular that are being used by the Lessee and that Lessee also gets similar rights subject to such Façade signage requirements and associated cost and terms being mutually discussed and agreed at the time of such requirement.

The placement of such signage and the rentals associated shall be mutually discussed and agreed up on at that point in time.

#### M. Common Amenities

As part of the common amenities for the building complex in which the Premises are situated, the Lessor shall provide a fully equipped and functional common Food Court, Gymnasium, Auditorium, ATMs and a Convenience Store. The aforesaid common food court and ATMs, as well as all other common amenities that may form a part of the building complex in which the Premises are situated, are hereinafter collectively referred to as the "**Common Amenities**".

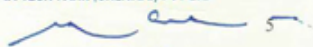
The Lessee and its employees, agents and officers will have access to the Common Amenities. No rents or other charges whatsoever shall be payable by the Lessee to the Lessor for the use of the Common Amenities by the Lessee, its employees, agents, officers and guests. However, the Lessee, its employees, agents, officers and guests shall be liable to pay for the food, beverages, Gymnasium memberships, Auditorium usage and other services purchased from the Common Amenities at the stipulated rates from time to time.

### **8. WARRANTIES & COVENANTS**

A. The Lessee, to the extent that the obligations agreed upon under this Lease Deed may continue throughout the Term of the Lease, and any renewal thereof, covenants to the Lessor as follows:

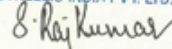
- i) The Lessee shall use the Premises only as an office and the car parking spaces only for parking light motor vehicles, with the option of parking an unlimited number of two wheelers in the designated car parking spaces as per Article 7J hereinabove.
- ii) The Lessee shall not, unless agreed between the Parties, make any structural alterations or additions to the space in the Premises or remove therefrom any fixtures or fittings provided by the Lessor. The Lessee will be permitted to install/ undertake normal office fit-outs and improvements to the Premises during the Term.
- iii) The Lessee shall at its own costs and charges, be at liberty to install such furniture, fixtures, fittings, electrical installations, equipment and all other conveniences as the Lessee may think fit for or in connection with the full use, occupation and enjoyment of the Premises. On the expiry or earlier termination of this Lease Deed, if the Lessee opts to remove the same it shall do so at its own cost and expense, provided however, that any damage caused to the Premises while removing such furniture shall be replaced/rectified by the Lessee at its own costs and expenses, failing which the Lessor shall be entitled to carry out such replacements/rectification and recover the cost of the same from the Lessee.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD



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For INFOTRELLIS INDIA PVT. LTD.



Director

IV) The Lessee shall adhere to the protocols prevailing in the park and shall not do or suffer to be done any act which may cause nuisance to co occupants and lessor. Few examples are conducting high volume music band, dance party with huge crowd, blocking the common stair case etc.,

v) The Lessee shall use the Premises with due care and caution and keep the same in good and tenantable condition (reasonable wear and tear excepted).

vi) The Lessee shall permit the Lessor or its duly authorized representative, upon reasonable proper notice, and at a mutually agreed time, to enter the Premises at reasonable hours, for the purpose of inspection of and/or carrying out any required repairs in the Premises. It is agreed and acknowledged by the Lessor that such repairs/inspection (if necessitated), will be performed in such a manner so as not to cause any inconvenience or disturbance to the Lessee.

vii) All day-to-day repairs / maintenance, such as replacement of fused bulbs, leakage of taps, replacement of glass panes and all other minor repairs within the Premises shall be undertaken by the Lessee at its own cost.

viii) The Lessee shall use the Premises in a reasonable and prudent manner (subject to normal wear and tear and damage by fire, flood, earthquake or any other Act of God, riots, civil commotion etc. excepted), and any damage caused to the Premises, (other than those caused by normal wear and tear and damage by fire, flood, earthquake or any other act of God, riots, civil commotion etc.) due to any act(s) directly attributable to the Lessee, shall be rectified by the Lessee at its own costs, failing which the Lessor shall be entitled to carry out such rectification/ replacement at the costs and risks of the Lessee and to recover the same from the Lessee.

ix) The Lessee shall have the right, with intimation to the Lessor but without requiring the Lessor's prior consent, to (i) assign/sublet/sublease all or any portion of the Premises to any entity resulting from a merger, amalgamation, takeover or consolidation with the Lessee; (ii) assign/sublet/sublease all or any portion of the Premises to any entity succeeding to the business and assets of the Lessee; any entity controlled by, controlling or under common control with the Lessee and/ or (iii) assign/sublet/sublease all or any portion of the Premises to any entity which is a part of or affiliated with the promoters of or the member Firms / Companies comprising the global organization of the Lessee.

The Lessor, if called upon by the Lessee or its sub-lessee/assignee, at the cost of the Lessee or its sub-lessee/assignee, undertakes to execute and register the necessary documents in order to secure the rights of the sub-lessee/assignee to use, occupy and enjoy the Premises for the residue Term of the lease including any document in the nature of the fresh lease on the same terms and conditions as contained herein.

x) The subletting to Third Parties by the Lessee is not permitted.

xi) No subletting or assignment as aforesaid shall discharge the Lessee of its obligations hereunder.

xii) The Lessee shall abide by and perform all the reasonable rules and regulations and by-laws of the building in which the Premises are situated and all laws for the time being in force, provided such rules and by-laws do not cause any undue disadvantage or hardship to the Lessee.

xiii) The Lessee shall be entitled to store all of its goods, belongings, chattels, articles, (except inflammable articles or any other articles which are hazardous in nature and likely to cause damage to the building in which the Premises are situated), in the Premises.

xiv) The Park is a Software Technology Parks of India (STPI) licensed park and hence the Lessee shall at all times during the entire tenure of the lease maintain the STPI unit status as approved by the Jurisdictional Authority and share a copy of the approval document to the Lessor when requested.

B. The Lessor, to the extent that these obligations agreed upon under this Lease Deed may continue throughout the Term of the Lease, and any renewal thereof, hereby covenants with the Lessee as follows:

i) The Lessor shall, for and during the Term, bear and pay all past, existing and future property taxes, water taxes and other taxes, and increases thereof, which are now or may at any time hereafter during the Term, be assessed, charged or imposed in respect of the Premises or any part thereof. The Lessee shall bear all taxes and levies arising out of its occupation and usage of the Premises.

ii) The Lessor shall be responsible for, at its cost, carrying out all repairs to the Premises, as and when required. In case the Lessee intends to carry out such repairs, a prior written approval from the Lessor shall be obtained. The Lessee on carrying out such repairs shall be entitled to either reimbursement of expenses incurred for such repairs or adjustments of the same towards the subsequent Rent payable on producing the requisite vouchers of expenses.

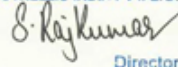
iii) The Lessor shall not do anything or omit or suffer to be done anything whereby the lease of the Premises is prejudicially affected.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD



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Director

- iv) The Lessee shall be entitled to use and enjoy the common areas and facilities listed hereunder:
- a. Porch, entrance lobby and common passages on all floors of the building in which the Premises are situated;
  - b. Lifts/ pumps / generators of the building in which the Premises are situated.
- v) The Lessor shall provide the required wet risers, fire hydrants, sprinklers and smoke detectors in the Common areas in accordance with applicable law, with a provision for the Lessee to pull the ducts and the systems for the Premises to install smoke detectors, fire alarms and sprinklers as part of its interior layouts.
- vi) The Lessor shall provide telecommunication services (broadband/ leased lines etc.) from a minimum of (3) Three service providers to the building in which the Premises are situated at no extra cost to the Lessee. The Lessor has agreed to route the cables of the service providers into the building in which the Premises are situated through separate cable/ routes as a part of its disaster recovery.
- viii) The Lessor shall provide fully furnished toilets as per the Lessor's standard specifications.
- ix) The Lessor shall abide by and perform all the rules and regulations and bye- laws of the building in which the Premises are situated, and all laws for the time being in force, provided such rules and bye-laws do not cause any undue disadvantage or hardship to the Lessee. The Lessor shall indemnify and keep indemnified the Lessee against all actions, proceedings, suits, claims, demands, losses, damages, costs, charges, and expenses incurred or suffered by the Lessee as a reason of any non-observance or non-performance of such rules and regulations by the Lessor.
- x) The Lessor will provide tenancy guidelines which will include among other things, specifications on fire detection systems, public address system and other building management systems within the Lessee's Premises which the Lessee will adopt as part of its interior fit-outs. This is done to ensure that the base building BMS have the right communication capability with the systems installed by the Lessee within the Premises.
- xi) The Lessor hereby represents and warrants that it is well and fully entitled to the Premises and/ or to enter into this Lease Deed, and the Lessor shall not do, omit or suffer to be done anything whereby its right to hold and enjoy the Premises is avoided, forfeited or extinguished and shall indemnify the Lessee against any loss or damages as a result of the Lessor committing a breach of this Article. It is, however, agreed by the Lessee that, in the event of the Lessor being desirous of selling/ assigning/ alienating its rights in the Premises, the Lessor shall be entitled to do so provided that such sale shall be to an investor of good social standing and not to a competitor to the Lessee. The Lessor shall also ensure that the prospective purchaser/assignee shall agree, in writing, to be bound by the terms and conditions herein contained. The Lessor shall ensure that the Premises shall be sold to one (1) investor/ institution not less than one (1) full floor at a time. One (1) full floor shall include Altius Wing B (twenty six thousand and ninety five (26,095) square feet + Altius Wing C (nine thousand two hundred and sixty one (9,261) square feet, provided both are occupied by the Lessee. The Lessor further agrees to bear all costs incurred towards such sale/ assignment/ alienation to the transferee/transferees, including legal costs, stamping and registration cost incurred towards attornment of this Lease / re-drafting fresh lease deeds in favour of the Lessee herein and registering the same with the relevant authorities.
- xii) If during the Term, or any renewal thereof, the Premises are compulsorily acquired or requisitioned by any Government or other Statutory Body or Authority under any law for the time being in force and the Lessee is, pursuant thereto, required to vacate the Premises then, in such event, the lease of the Premises shall automatically terminate and the unadjusted portion of the Rent, if any, together with the Security Deposit, shall be refunded to the Lessee by the Lessor forthwith upon such earlier termination / determination.

#### **9. INSURANCE**

The Lessor shall ensure that the Premises are insured, during the Term, against structural damage, damage by fire, earthquake, riots and other risks at its own cost. The Lessor shall provide to the Lessee a copy of the insurance documents evidencing that the Premises has been duly insured. In the event of the Lessor failing to so insure the Premises against the above mentioned risks, or failing to renew the insurance policy/ policies, the Lessee shall have the right to insure the same, or renew the same, and costs in this regard shall be to the account of the Lessor and shall be deducted from monthly Rent payable to the Lessor.

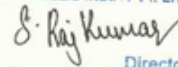
#### **10. RENEWAL**

The lease of the Premises may be renewed after 3 years at the Lessee's sole option for further renewal for two (2) terms of three (3) years each. The Lessee shall exercise this option to renew in writing at least six (6) months prior to the expiry of the then current term of the lease. In the event if the Lessee exercises its option to renew the lease, the Parties agree that the parties shall execute and register a fresh lease agreement for the renewed term on the fresh terms mutually agreed at that point in time.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

## **11. TERMINATION**

A. This Lease Deed can be terminated at any time by either party by giving six (6) months' written notice to the other party at any time, such notice to take effect no earlier than the end of the Lock in period. Termination by way of notice during the Lock in Period shall only be in terms of Article 11B and 11C.

B. The failure by the Lessee, within sixty (60) days after written notice from the Lessor, to correct any breach or default of the covenants, terms or conditions of this Lease Deed shall constitute an event of default by the Lessee. The failure by the Lessor, within sixty (60) days after written notice from the Lessee, to correct any breach or default of the covenants, terms or conditions of this Lease Deed shall constitute an event of default by the Lessor.

C. Notwithstanding anything to the contrary contained herein, upon the occurrence of an event of default by the Lessor or the Lessee as provided above, the Party aggrieved by the default shall be entitled, to terminate this Lease Deed, whereupon (i) the Lessee shall forthwith vacate and handover the Premises to the Lessor, (ii) the Lessor shall refund to the Lessee the Security Deposit forthwith, in a manner consistent with the provisions hereof and (iii) the Lessee shall pay to the Lessor the balance of any Rent owed to the Lessor through the date of such termination, together with any interest accrued hereunder.

D. Removal of Property. Upon termination of the Lease Deed under Article 11A hereof, Lessee shall have ten (10) business days following the termination date to remove all property and fixtures belonging to Lessee from the Premises and to settle all outstanding bills for utility services. Nothing herein shall require the Lessee, upon termination or expiration of the lease of the Premises, to restore the Premises to its original condition prior to any alterations, additions, changes and improvements by Lessee under the Lease Deed.

E. This Lease Deed may be terminated on account of force majeure situations in accordance with Article 15I.

F. This Lease Deed shall automatically terminate upon the insolvency, liquidation or bankruptcy or appointment of receiver by a court of competent jurisdiction for either Party.

G. This Lease Deed shall automatically terminate upon change in law or any action by governmental/local/other authority having jurisdiction over the Premises, such that the Lessee cannot use the Premises or part thereof, for any period in accordance with Article 8B(xii).

H. Termination in all cases will require (i) the Lessee to handover peaceful vacant possession of the Premises to the Lessor and (ii) refund of Security Deposit by the Lessor to the Lessee.

## **12. APPLICABLE LAW, ARBITRATION**

A. The terms of the Lease Deed shall be construed in accordance with the laws of India.

B. The Lessor and the Lessee agree that they will first attempt to resolve any disputes regarding this Lease Deed through mutual consultation. However, if such consultations do not result in satisfaction to either Party within thirty (30) days after one Party has given written notice to the other to commence such consultations, then either Party may refer the dispute to arbitration. Any dispute, controversy or claim arising out of or relating to this Lease Deed, or breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Arbitration and Conciliation Act, 1996 as at present in force and as amended from time to time, and the following provisions:

(i) The arbitrators shall refer to the English text of this Lease Deed and all proceedings shall be conducted in English;

(ii) There shall be three (3) arbitrators all of whom shall be fluent in English. The Lessor and the Lessee shall each select one (1) arbitrator and the third arbitrator shall be selected by the two arbitrators chosen by the Parties.

(iii) The Parties shall agree that the place of arbitration shall be Chennai, Tamil Nadu, India.

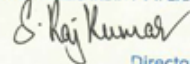
C. The arbitration award shall be final and binding on the Parties. The cost of the arbitration shall be borne by the losing Party, unless otherwise determined by the arbitration award. When any dispute occurs and when any dispute is under arbitration, except for the matters under dispute, the Parties shall continue to exercise their remaining respective rights and fulfill their remaining respective obligations under this Lease Deed.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD



Authorized Signatory

For INFOTRELLIS INDIA PVT. LTD.



Director

### **13. SCOPE OF AGREEMENT / LEGAL CONSTRUCTION**

A. Oral discussions and representations made during the negotiation of this Lease Deed shall not be construed to be terms of this Lease Deed. Any changes, variations or modifications of the terms of this Lease Deed shall not be valid unless made in writing and signed by both Parties hereto.

B. If any provision of this Lease Deed or the application of any such provision to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a Court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof and such provision shall be deemed modified to the minimum extent necessary to make such provision consistent with the applicable law, and in its modified form, such provision shall then be enforceable and enforced.

### **14. NOTICE**

Any notice, claim correspondence or other documents relating to this Lease Deed shall be in writing in the English language and shall be deemed to be duly given or made when delivered by personal delivery with written acknowledgement or receipt, telefax with confirmed copy or by international courier, to the Party to which it is to be given or made at the following address:

If to Lessor, deliver to

**Olympia Tech Park (Chennai) Private Limited**

Represented by its Director  
Mr. Chandrakant Kankaria  
'Olympia Tech Park' located at Plot No.1,  
SIDCO Industrial Estate, Guindy,  
Chennai-600 032  
Telephone No.044 - 43459600  
Fax: 044 - 28293279.

If to Lessee, deliver to:

**INFOTRELLIS INDIA PRIVATE LIMITED.**

Represented by its Director  
Mr. S. Rajkumar,  
Unit 702, Tower 3B, 7<sup>th</sup> Floor,  
RMZ Millennia Business Park, Phase 2,  
143 Dr, MGR Road, Kandanchavadi,  
Chennai - 600096.  
Telephone No.+91-7823977323

The Parties may change their addresses and numbers for the purpose of giving notice by providing proper notice in accordance with the terms of this Article 14.

### **15. MISCELLANEOUS**

A. This Lease Deed is executed in two (2) counterparts in the English language. The Lessee shall retain the original set and the Lessor shall retain the second set.

B. The headings in this Lease Deed are for convenience only, and do not constitute matters to be construed in interpreting this Lease Deed.

C. This Lease Deed shall be binding upon and inure to the benefit of the respective successors, legal representatives and permitted assigns of the Parties. This Lease Deed may not be amended or otherwise altered except pursuant to an instrument in writing signed by each of the Parties hereto.

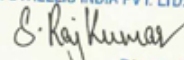
#### **E. Taxes and Outgoings:**

- I. Lessor shall issue invoice levying the applicable taxes and cess under GST Legislation. For the purpose of this clause GST Legislation shall mean the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the respective State Goods and Services Tax Act, 2017, The Union territory Goods and Services Tax Act 2017, the Goods and Services Tax (Compensation to States) Act, 2017, Rules, Notifications & Circulars including amendments made from time to time.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

- II. Lessee shall pay to Lessor all applicable taxes levied under the relevant GST legislation which are directly and solely attributable to the leased property, for the relevant period, under this Agreement (each a "Tax"). Lessor's invoices shall include the amount and type of each applicable taxes as a separate line item. The Lessor shall, remit such taxes to the appropriate statutory authorities and file the relevant statutory returns within the prescribed statutory timelines. Lessor shall be responsible for charging the correct tax to Lessee and shall be liable and bear all liabilities relating to incorrect charging of taxes to Lessee.
- III. Lessor shall not invoice Lessee any Tax for which Lessee provides Lessor with (i) a valid tax exemption certificate, or (ii) any other documents evidencing that such Tax does not apply to Lessee.
- IV. Lessee and Lessor agree that all payments will be subject to withholding taxes prevailing as per the provisions of the Indian Income tax Act 1961 and also as per the provisions of GST Legislation, as applicable and as amended from time to time. Lessee shall provide withholding tax certificates to Lessor as per the provisions of the Income Tax Act 1961 and GST Legislation as the case may be.
- V. **Both parties agree** to comply with the provisions of GST legislation as amended **from time to time and also agree** to ensure that Lessee does not lose any benefits and privileges available under the GST legislation on account of Lessor's non-compliance or negligence or interpretation of the provisions in the GST Legislation.
- VI. Lessor shall be exclusively liable for any Taxes, penalties or interest demanded directly by the tax authorities as part of any audits, assessments, scrutiny etc, or payable to the tax authorities at a later date on account of Lessor's negligence or noncompliance or interpretation of the provisions of the GST Legislation and it cannot recover such Taxes, penalties or interest from Lessee.
- VII. Lessor shall be solely liable to pay the all the past, existing and future ownership related taxes, rates, cesses, penalties charges, fines, assessments in respect of the Leased Properties, the Project and Project Property including land tax, building tax, corporation and house tax, property tax, municipal tax, etc., as applicable and shall keep and hold the Lessee harmless and fully indemnified from and in respect of the same.

F. Subject to the terms and conditions of this Lease Deed, each of the Parties hereto will use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary to fulfill its obligations under this Lease Deed.

G. This Lease Deed, together with all the appendices, schedules and annexures attached hereto and expressly made a part of this Lease Deed, shall constitute the entire agreement between the Parties hereto and shall supersede all prior proposals, negotiations, understandings and agreements, whether oral or written.

H. **Jurisdiction.** This Lease Deed shall be governed, construed and enforced in accordance with the laws of India, and subject to the arbitration provision contained in Article 12 hereof, the courts in Chennai shall have jurisdiction with respect to all matters and disputes arising out of or relating to this Lease Deed.

I. **Force Majeure.** If performance of this Lease Deed is prevented, restricted or interfered with by reason of acts of God, fire, floods, earthquake, wars, revolution, civil commotion, acts of terrorism, acts of public enemy, embargo, epidemic, pandemic, quarantine, acts of government (including state or local government) acting in its sovereign capacity, labour difficulties (including strikes, slowdowns, picketing or boycotts) or any other circumstances beyond the reasonable control and not involving any fault, misconduct or negligence of the other Party, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance including payment of rent on a day-to-day basis during the continuance of such prevention, restriction or interference, provided however, that the Party so affected shall use its best reasonable efforts to avoid or remove such causes of non-performance and both Parties shall proceed immediately with the performance of its obligations under this Lease Deed whenever such causes are removed or avoided, or such causes otherwise cease. For the avoidance of doubt, if the Premises cannot be used wholly or partly on account of any such situation (save and except on account of Corona epidemic/pandemic situation which is provided for in sub clause J below), then the Lessee shall not be required to pay Rent on a pro rata basis for such portion of the Premises that could not be used till such time that its usage is affected. Provided further that where any of the situations covered in this provision require any repairs or refurbishment of the Premises to make it fit for occupation by the Lessee, the Lessor shall make best efforts to conduct such repairs or refurbishment at the earliest and shall provide the Lessee with an estimate of the number of days required for such repair/refurbishment. In the event such inability to use the Premises or such repair/refurbishment requires more than 30 days, then Lessee shall have the right to terminate the Lease Deed and handover possession of the Premises to the Lessor and in such event, the Lessor shall refund the Security Deposit.

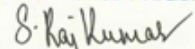
For OLYMPIA TECH PARK (CHENNAI) PVT LTD



Authorized Signatory

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For INFOTRELLIS INDIA PVT. LTD.



S. Raj Kumar  
Director

J. In view of current Covid -19 pandemic, in case any unforeseen further lock down imposed by Government as notified between the Lease commencement date and rent commencement date restricting fit out works at site resulting in delay of completion of fit outs, then the Rent commencement date shall be deferred to the extent of the impact which would be duly assessed and agreed mutually between the Lessor and the Lessee.

**K. No Corrupt Payments:** Neither Party, nor any person acting for or on behalf of a Party hereto, shall make any expenditure for any unlawful purposes in the performance of its obligations under this Agreement and in connection with its activities in relation thereto. Without limiting the generality of the foregoing, neither Party, nor any person acting for or on behalf of a Party hereto, shall bribe or offer to bribe any government official, any political party or official thereof, or any candidate for political office, or any other person.

**SCHEDULE A**  
**LAND**

Property bearing Plot No.1 (SP) SIDCO Industrial Estate, Guindy, Chennai 600 032, comprised in Town Survey Numbers: 41 (part), 42/2, (formerly 42 (part), 43/2, (formerly 43 (part), 44/2 (formerly 44 (part), 118/2 (formerly 45 (part), 46 (formerly 46 (part), 47/2 (formerly 47 (part), 48/2 (formerly 48 (part), 119 (formerly 49 (part), 50/2 (formerly 50 (part), 51/2 (formerly 51 (part), 52/4 (formerly 52(part), 53/4 (formerly 53 (part), 54/3, (formerly 54 (part), 55/3 (formerly 55 (part), 56/2 (formerly 56 (part), 7/2 (formerly 7 (part), 8/2 (formerly 8 (part) and 9/2 (formerly 9 (part) of Block V Alandur Village, Mambalam-Guindy Taluk, Chennai District, measuring an extent of eight (8) acres twenty nine (29) cents or thereabouts situated within the registration district of Chennai South and sub-registration district of Alandur.

**Boundaries:**

North by : Land comprised of S.Nos. 153, 154, 155 Ekkaduthangal Village  
Extended area and Ganapathy Colony 1<sup>st</sup> Street  
South by : 80 feet road, SIDCO Road  
East by : 120 feet Jawaharlal Nehru Road  
West by : 60 feet Poomagal Road

**SCHEDULE B**

**PREMISES**

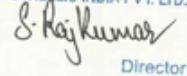
Office space on the 5<sup>th</sup> office floor (Level 6) as per the floor plan set out in **Annexure 2A** hereof in the 'Altius B&C Block' of Olympia Technology Park (such blocks are clearly marked out in the site plan annexed herewith as **Annexure 1**) located at Plot No.1, SIDCO Industrial Estate, Guindy, Chennai – 600 032 ( ) having a total super built up area of 35,356 sq.ft. along with the exclusive right of use 35 designated car parking slots in the ratio 1car parking slot for every 1000 square feet of super built up area free of cost. Car parking plan annexed hereto as **Annexure 2B**.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD



Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.



Director



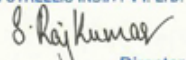
**SCHEDULE C**  
**LIST OF PROPERTY DOCUMENTS**

1. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9216 square feet of the Scheduled Property (registration no. 1235 / 2006)
2. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9210 square feet of the Scheduled Property (registration no. 1236/2006)
3. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration no. 1237/2006)
4. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private relating to 4779 square feet of the Scheduled Property (registration no. 1238/2006)
5. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration no. 1239/2006)
6. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration no. 1240/2006)
7. Deed of Sale for Undivided Share of Land dated 12<sup>th</sup> April 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 5509 square feet of the Scheduled Property (registration no. 1241/2006)
8. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9210 square feet of the Scheduled Property (registration receipt no. P200600073)
9. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9210 square feet of the Scheduled Property (registration receipt no. P200600074)
10. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9210 square feet of the Scheduled Property (registration receipt no. P200600075)
11. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9247 square feet of the Scheduled Property (registration receipt no. P200600076)
12. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9247 square feet of the Scheduled Property (registration receipt no. P200600077)
13. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 9210 square feet of the Scheduled Property (registration receipt no. P200600078)
14. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600079)

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

 12.  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

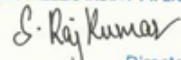
  
Director

15. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600080)
16. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600081)
17. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600082)
18. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600083)
19. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600084)
20. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600085)
21. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8362 square feet of the Scheduled Property (registration receipt no. P200600086)
22. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600087)
23. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600088)
24. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600089)
25. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600090)
26. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600091)
27. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 4779 square feet of the Scheduled Property (registration receipt no. P200600092)
28. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600093)
29. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600094)

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

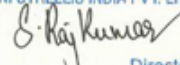
  
Director

30. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600095)
31. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600096)
32. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600097)
33. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 7865 square feet of the Scheduled Property (registration receipt no. P200600098)
34. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 5600 square feet of the Scheduled Property (registration receipt no. P200600099)
35. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 5600 square feet of the Scheduled Property (registration receipt no. P200600100)
36. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 5600 square feet of the Scheduled Property (registration receipt no. P200600101)
37. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 5509 square feet of the Scheduled Property (registration receipt no. P200600102)
38. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 1835 square feet of the Scheduled Property (registration receipt no. P200600114)
39. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 10058 square feet of the Scheduled Property (registration receipt no. P200600115)
40. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 669 square feet of the Scheduled Property (registration receipt no. P200600109)
41. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8422 square feet of the Scheduled Property (registration receipt no. P200600107)
42. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 8422 square feet of the Scheduled Property (registration receipt no. P200600108)
43. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 3743 square feet of the Scheduled Property (registration receipt no. P200600112)
44. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 3742 square feet of the Scheduled Property (registration receipt no. P200600113)

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
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Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

45. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 374 square feet of the Scheduled Property (registration receipt No. P200600114)
46. Deed of Sale for Undivided Share of Land dated 29<sup>th</sup> December 2006 executed by Eveready Industries India Limited in favour of Khivraj Tech Park Private Limited relating to 786 square feet of the Scheduled Property (registration receipt no. P200600111)

**IN WITNESS WHEREOF** the Parties hereto have executed this Lease Deed on the day, month and year first above written.

**For Olympia Tech Park (Chennai) Private Limited**

For OLYMPIA TECH PARK (CHENNAI) PVT LTD



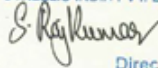
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Date:

**For INFOTRELLIS INDIA PRIVATE LIMITED.**

For INFOTRELLIS INDIA PVT. LTD.



Director

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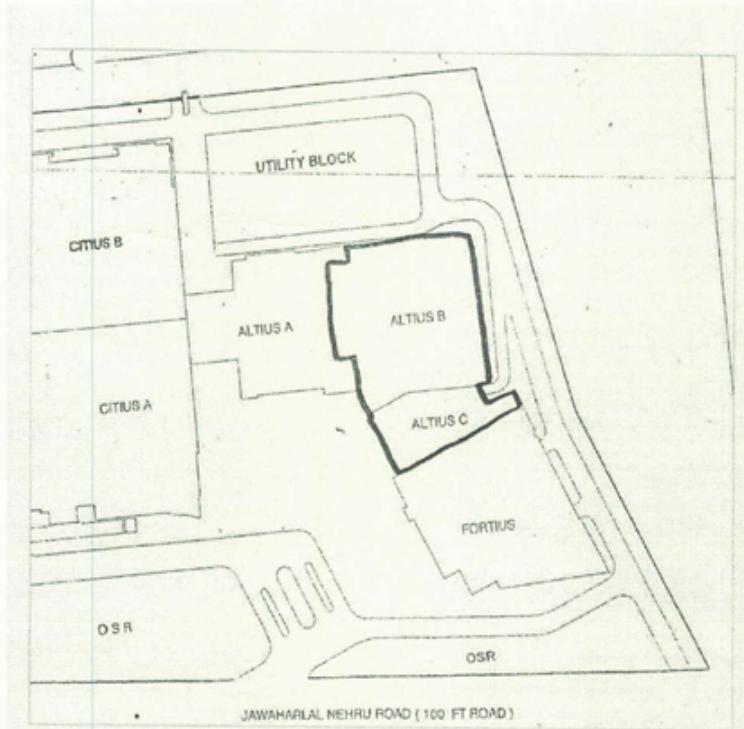
Date

Witnesses:

1.

2.

ANNEXURE - I : Site Plan



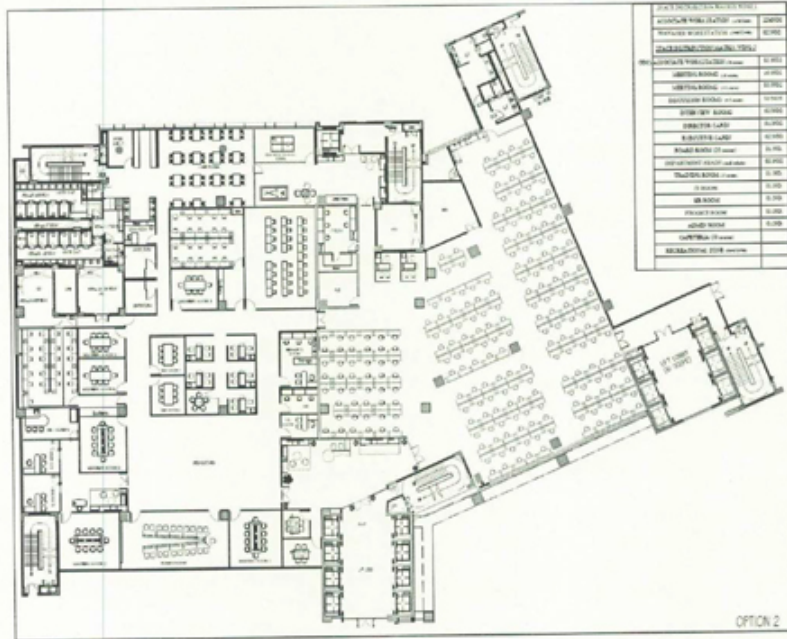
For OLYMPIA TECH PARK (CHENNAI) PVT LTD

*[Signature]*  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

*[Signature]*  
Director

ANNEXURE -2A – Floor Plan



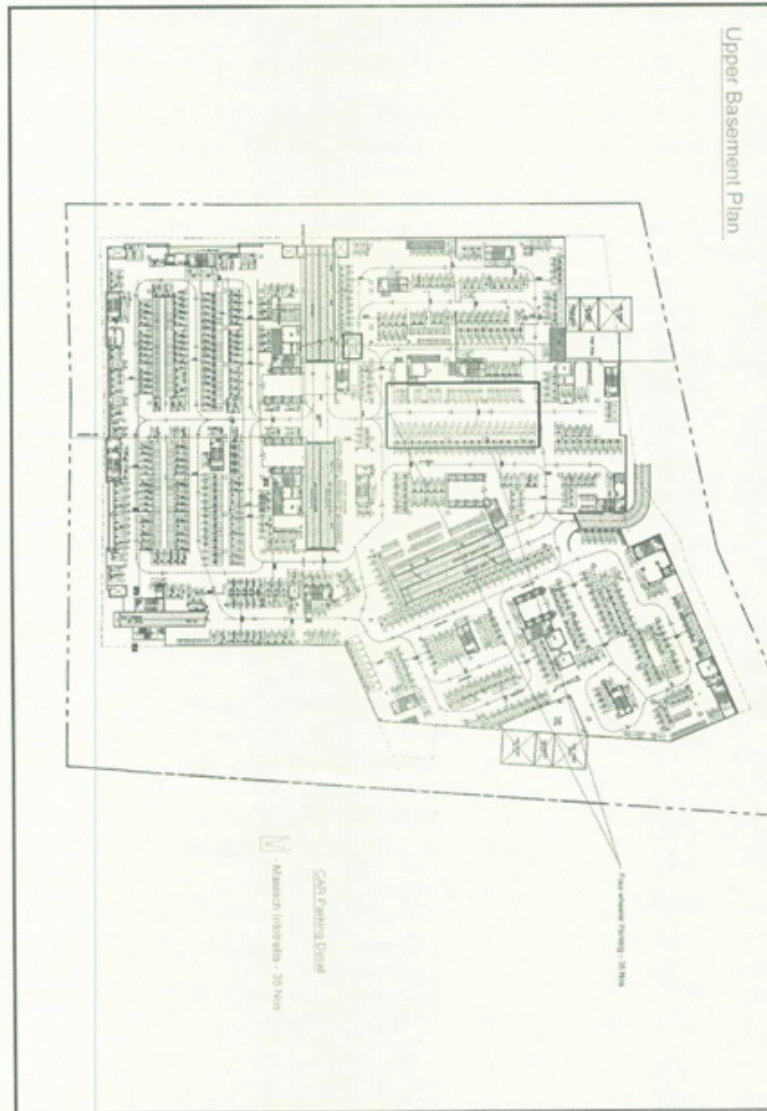
For OLYMPIA TECH PARK (CHENNAI) PVT LTD

Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

Director

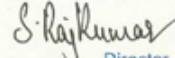
ANNEXURE -2B - Car Parking



For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorized Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director

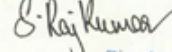
**ANNEXURE -3**  
**Maintenance Services**

- a. 24-hour Physical and Systems security for Olympia Tech Park and the Premise including an access control system for the Schedule Property with associated software which will be made available for the Lessee's use
- b. Entire housekeeping and cleaning of the Common Areas of the Premises;
- c. Illumination of the yards, corridors and external Common Areas to the Premises;
- d. Maintenance and operation of the elevators for access of the Premises;
- e. Maintenance and operation of Power distribution systems including transformers, bus ducts, raising mains, distribution panels, etc. for the supply of power to the Premises;
- f. Maintenance and operation of Common area Fire protection systems;
- g. Maintenance and operation of the borewells, sumps, overhead tanks and the related motors for supply of water to the Premises;
- h. Maintenance and operation of stand-by generators for Common Areas and the Premises;
- i. Maintenance and upkeep of landscaped Common Areas;
- j. Payment of electricity bills for all common services including lifts, pumps and Common Area and also for electricity consumed within the Premises;
- k. Civil repairs to all Common Areas;
- l. Pest control to all Common Areas;
- m. Consumable such as cleaning material and replacements for electrical fittings in Common Areas of the Premises; and
- n. Periodical cleaning of the structural glazing of the facade of the Premises.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

  
Authorised Signatory

For INFOTRELLIS INDIA PVT. LTD.

  
Director



**ANNEXURE-4**  
Base Building Specifications

<b>BASIC BUILDING SPECIFICATIONS FOR "OLYMPIA TECH PARK"</b>		
<b>1. CIVIL AND RELATED WORKS</b>		
<b>1.1. STRUCTURAL FRAME SYSTEMS</b>		
Structure System		Framed structure with RC Column and RCC / Post Tensioned Flat Slabs with structural spans of 10 x 10m c/c with floor to floor height of 4Mtrs for office floors and 3.1 mtr for basement parking floors and 2.7 mtr for Still 1&2 Car parking floors.  The root structure designed to support the live loads as per IS 875
Concrete Mix Design		Concrete Mix Design will be accordance with IS 10262 & SP 23 with specified characteristic strength not less than appropriate value given in IS 456. The Design mix of grades to vary from M20 to M40 for various structure elements.
Formwork:		Rigid Formwork to prevent loss of grout and mortar from the concrete and capable of providing a correct shape to the concrete and to give a good desired surface finish with capability to withstand loads of DL & LL of concrete and its activities.
Reinforcement		The steel reinforcement is plain round mild steel bars to conform IS 432 (Part I) and /or for rolled mild steel deformed bars and conform to IS 1139 and for Cold twisted steels bars to IS 1786.
Concrete Placing and Compacting:		Method of placing as specified in IS456 such as to preclude segregation. Concrete, during the operation of placing will be thoroughly worked around reinforcements, embedded inserts, sleeves, spaded against corners of formwork by rodding, or by any other approved means and compacted complying to IS 3558 by mechanical vibrators to produce the desired concrete finish.
Curing		Curing done as specified in IS 516. All the concrete is cured by keeping it consciously damp for the period of time required to complete hydration and hardening to take place.
<b>1.2 CIVIL FINISHES</b>		
The Lessor has provided finishes as detailed herein Material / Finishes were as specified:		
Masonry		Masonry for the external walls of 200mm thick concrete solid block/bricks/ Aerocon Blocks and for internal partition walls for services/ utilities with brick/ concrete/ light weight –concrete block masonry.
Internal Plaster		Plaster to the internal surface of walls are of average 12mm thick of various mix ratios as per code. All the constructions joints, junction between the block masonry and concrete work has been provided with galvanized chicken mesh/ expanded metal lath.
External Plaster		External Plaster is 12/18 mm thick applied in 1/2 coat.
Waterproofing		All wet areas like toilets, sunken portions, terraces and exposed roof surfaces are water proofed with either water proofing membrane, type executed in accordance with approved manufactures requirement, guidance, supervision –or the insulated water proofing using conventional brick bat-coba. The Lessee/ occupant shall not disturb/damage any of the waterproofing.
Toilets		Toilets are constructed as per the design, specifications and finishing schedule as per the requirement. Number of toilets & fittings will be designed as per the applicable National Building Code (NBC) norms.  There would be adequate provision for Alternately disabled toilets.
<b>Flooring in Floor Plate Areas:</b>		
Screeding		The Lessee will (as part of fitout ) lay a screed of approximately 65mm thickness on the structural floor to incorporate floor ducting. The Lessor is to allow for this screed in calculation and design of tenant premises their interior loads.

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

For INFOTRELLIS INDIA PVT.LTD.

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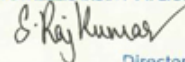
  
Director

Flooring in Common Area Outside Floor Plates:	
Vitrified Tile Flooring in Toilets	The floor tiles of various sizes, colour, textures, type and pattern are laid over a 20mm thick cement mortar bed. The corners and joints are finished true with approved. Jointing compound
Flooring in Main Lobby / Lift Lobby (only skirting level)	Granites / Marbles are hard, sound, durable and of uniform thickness. The minimum thickness would be 10mm thick of varying size of patterns over 20mm thick cement mortar bed.
Ceramic Tile Dado in Toilets	The Skirting and dado vertical surfaces are thoroughly cleaned and wetted and a 12 mm thick coat of cement mortar – with approved thickness. The corners and joints are finished true with approved jointing compound.
IPS Flooring in Common Area and Covered Parking:	IPS flooring are done in accordance with IS 2571
<b>JOINERY:</b>	
Flush Door & Shutters	Frames including the rebate, rounding with 1 <sup>st</sup> class timber of best quality (painting surface). Toilets finished on both sides in 1.0mm thickness laminate.
Fire Doors: fire rated flush or steel 1.2mm thick shutter (with base coat of paint)	Fire door are of proprietary make and in conformance to applicable local fire regulation code or National Building Code Park IV, Two hours rated for AHV and Electrical rooms and one hour rated for all other places
Service Shaft Doors	Pressed metal framed / flush doors of – 1.2mm galvanized sheet of 1 hour fire rated for service areas / ducts / shafts.
Ironmongery	Locksets, Door closer are brush finished stainless steel type as specified in the list of approved make materials.
False Ceiling in Lift Lobby / Common Area	Gypsum Board or equivalent false ceiling provided.
Painting	All Painting works in conformance to IS 2395, code of practice for Painting concrete, masonry and plaster surfaces.  Internal painting is provided in common areas with low VOC, plastic emulsion finished in two coats/ OBD / texture paint as defined schedule of Finishes at point 1.3.  External paint are with elastomeric paint or texture paint or waterproof cement paint finished in two coat and top sealer coat.
<b>External Façade:</b>	
Façade / Strip Glazing & Aluminium Works	All materials and workmanship are in compliance with the following standards as mentioned below, double glazed window are proposed.
Glazing Related	AS 1288 – 1994, BS 6262, AS 2208, ASTM C 1036-85, ASTM C 1048 – 87.
Aluminium Related	IS 1868, AS 2047 – 1996, AS 2039.
	All window units are of double glazed unit and reception area glazing is single glazed.
<b>The glass will have the following characteristics:</b>	
Glazing Type	Double Glazed & Single glazed for spandrel
Glass (External)	Soft Coated
Glass (Internal)	Clear glass
Type	Head Strengthened
Thickness	6.00 mm
<b>Aluminium Composite Panels as per Design</b>	
Brand Name	Alpolic / Alu décor / Equivalent

For OLYMPIA TECH PARK (CHENNAI) PVT LTD

For INFOTRELLIS INDIA PVT. LTD.

  
Authorised Signatory

  
Director

Thickness	4mm Thick
<b>EXTERNAL DEVELOPMENT WORKS</b>	
The site perimeter secured by the provision of a boundary wall as per the design	
The internal roads and open parking area are finished in asphalt with stone / precast PCC kerbs, with covered drains are finished.	
<b>1.3 FINISHING SCHEDULE</b>	
List of Approved Makes:	
<b>Material Description</b>	<b>Manufacture / Supplier</b>
<ol style="list-style-type: none"> <li>1. Ordinary Portland Cement</li> <li>2. White Cement</li> <li>3. Steel HYSD Bars (Reinforcement bars) Structural Steel</li> <li>4. Vitrified Tile</li> <li>5. Ceramic Tile</li> <li>6. Emulsion paint / OBD</li> <li>7. Exterior Texture Paint</li> <li>8. Anti-termite treatment</li> <li>9. Fire Doors</li> <li>10. Flush Doors</li> <li>11. Ironmongery</li> </ol>	<p>43 / 53 grade Zuari, Dalmia, Ramco or equivalent. Birla White / JK or equivalent. SISCOL or equivalent.</p> <p>TATA / SAIL / VISL / RINL or equivalent. Naveen, Kajaria, Bell Ceramics, Johnson or equivalent.</p> <p>As per architect's design</p> <p>ASIAN / BERGER / NEROLAC or equivalent. RENOVA / SPECTRUM / JOTUN or equivalent.</p> <p>PCI or Equivalent Sakthi met Doors / Radian Fire Doors or equivalent. KUTTY / GLOBAL / UNIPLY or equivalent Equivalent.</p>
Note: Standard makes from quality / reputed manufactures considered	
<b>2. ELECTRICAL &amp; RELATED SERVICES</b>	
<b>Design Criteria</b>	
i)	The 3 phase power supply is distributed through UG cables. The total power supply infrastructure arrived at 1.0 KVA per 100 sq.ft of chargeable area.
ii)	The full capacity dry type transformer – is installed at the substation within the premises.
iii)	The base building scope covers all HT related work and all LT related works up to the meter room including cabling till distribution boards / floors panels kept in each floor.
<b>2.1 MAIN POWER DISTRIBUTION SCHEME</b>	
Grid Power	<p>11 KV UG cable with associated switchgear installed between the point of power supply identified by the local supply authorities and tenant premises includes the metering equipment associated grounding and civil works:</p> <p>The incoming power supply is transformed to 415 (+/-) 5% using dry type transformer with onload Tap changer (OLTC).</p> <p>The following cubicle compartmentalized sub distribution boards designed, supplied and installed.</p>

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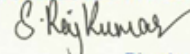
	<ul style="list-style-type: none"> <li>&gt; Street and Area Lighting Panel</li> <li>&gt; Fire Pump MCC</li> <li>&gt; Common Area lighting</li> </ul>
<b>2.2 CAPTIVE POWER</b>	
Capacity	1.0 KVA for every 100 sqft chargeable area. The scope includes AMF Panel.
Power backup	100% backup provided with automatic change over panel. Diesel tank of 80KL capacity to operate for at least three days.
Safety Features	30mA sensitivity earth leakage circuit breakers installed in the lighting and small power MCB panels for protection against electrocution. Live parts of all equipment are shrouded.
Lighting	Complete street and area lighting supplied and installed to provide visual guidance and security lighting. LED lamps in appropriate luminaires installed on poles.
Grounding (Earthing)	Grounding (Earthing) will be provided with separate neutral and ground wires running all along the installation adopted. Hot dip galvanized iron used for safety earthing. Adequate number of earth electrodes meeting statutory requirement provided.  The system designed to limit the earth impedance to less than 1 ohm so as to ensure positive operation of the current operated safety devices.
Lighting Protection	The tenant premises are protected against lighting terminal rods and galvanized iron strips interconnecting grounding electrodes and the air terminals rods. This design will ensure effective grounding of lighting discharges.
Cables	The cables between transformer and common meter room AYFY aluminium cables.
<b>2.3 Approved makes of electrical equipment / Components</b>	
DG SET	Cummins 1500KVA x 9 Nos
11KV Switchgear	Schneider
Transformer	Universal and Kirloskar
Bus duct	Control & Switch Gear (C&S)
TVSS	New Aquaria
HT & LT Cables	Polycab
Flexible Copper cables	Reputed Local make CPRI certified design or equivalent
HT Cables termination kits	Raychem or equivalent
Luminaires	Philips and Wipro
Decorative / landscape Luminaires	K-Lite
High Efficiency fluorescent lamp	Osram / Philips or equivalent.
MCB / C Curve / RCDs	Legrand
MCB DBs	Legrand
Wires (FRLS Grade)	Finolex or equivalent
<b>2.4 ELEVATORS</b>	

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Elevators	<p>Passenger elevators from Mitsubishi, capacity 1050kgs, speed 105 MPM, four car group, full selective, collective control operation, VFD controlled, gearless, machine-room less, 14 passengers with cabin size 1600 mm x 1400 mm D, cabin entrance size 1100mm x 2100mm H</p> <p>All the passenger elevator will have stainless steel cars, automatic / emergency rescue device, infra-red Multi beam sensors for doors and over load protection.</p> <p>The interior finish shall follow: Car in hairline finished stainless steel Make of Elevator: Mitsubishi.</p>
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**2.5 DESIGN BASIS FOR ALLIED SYSTEMS**

Fire Deduction & Alarm System for Common Area	The Base building common area provided with fire protection alarm system conforming to locally applicable norms. The FACP installed in the in the control command centre with provision to connect zonal panel of individual floors to installed by the tenant.
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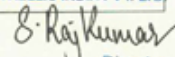
**Fire Protection System (FPS) for Common Area / Office Area**

1. Standards	Of Local Fire Authority (TNFRS) norms
2. Types of Systems for Common Areas	<p>I) Hydrant System with pressurized wet riser in Building II) Yard hydrants at regular intervals around Building III) Sprinklers in basements, stilt, common area &amp; first level for all office areas.</p> <p>Capacity as per norms of the Chief Fire Officer.</p>
3. Water Supply storage at Ground Level a. Hydrant System b. Sprinkler System	
4. Water Supply storage at Terrace level a. Hydrant System b. Sprinkler System	As per Design None
5. Fire Hydrant Pump	<p>2 nos of Jockey pump to maintain pressure.</p> <p>Two electrically driven pump with control panel at Upper Basement</p> <p>Five electrically driven pump with control panel at Terrace Level with control panel is in the pump room</p>
6. Sprinkler Pump	<p>Two electrically driven pump with control panel.</p> <p>Note: The hydrant pump is also used as a backup to the sprinkler pump.</p>
7. Backup System	Two Diesel driven fire pump with auto start facility.
8. Pipes for Fire Hydrant & Sprinkler Mains for Common Areas	Class "C" MS pipes – Wet riser with a common tap off point on each floor in shaft.
9. Piping Arrangement	

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a. Hydrant b. Sprinkler c. Fire brigade Connection	Vertical Pipes laid around tenant premises with tapping at every 45M, hose reel, landing valve and nozzle in a cabinet.  Sprinkler Pipeline with Zone Control valves, Flow switches and control. Panel for indication at Ground Floor.  2 nos of Fire Brigade connection installed in the premises
10. Sprinkler in Common Area / Office Area a. Type b. Spacing	Pendent type at the ceiling level in Common Area only as per local norms.
11. Fire Escape System	
12. Fire Hydrant	<ul style="list-style-type: none"> <li>&gt; Adequate fire escape staircases provided as per the local norms</li> <li>&gt; Escape distance maintained as per the local norms.</li> </ul> All necessary related infrastructure (fire hose cabinet, valves, nozzles, hose etc..) provided as per the applicable norms.

### 3. HVAC AND RELATED SERVICES

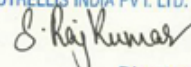
#### 3.1. HVAC HIGH SIDE

Introduction:	A Centralized Air Conditioning system provided.	
HIGH SIDE EQUIPMENT	This shall comprise of  <ul style="list-style-type: none"> <li>&gt; Centralized Air-cooled chiller packages complete with Screw refrigeration compressors.</li> <li>&gt; Centralized Water-cooled chiller packages complete with Centrifugal compressor.</li> <li>&gt; Primary and Secondary chilled water re-circulating pump sets.</li> <li>&gt; Chilled water distribution system complete.</li> <li>&gt; Double skin chilled water Air handling units for the various floor, multiple AHU's on each Floor as per requirements.</li> <li>&gt; All equipment provided in the system controlled through BMS.</li> </ul>	
AMBIENT DESIGN CONDITIONS:	Ambient Design conditions considered as per the Local equipment and ASHRAE standards.	
INSIDE DESIGN CONDITIONS. – AS PER THE ASHRAE STANDARD, CODES*		
The inside design conditions in the room / space will be as under		
	<b>Temperature</b>	<b>Relative Humidity</b>
General Office areas	24 deg C +/- 1.1 deg C	Not exceed 60%
INTERNAL LOAD:		
The internal Load details for office area will be as under		
Occupancy	80 sqft Carpet Area (excluding service areas) per person	
Fresh Air requirements	20.0 CFM per person	
VENTILATION REQUIREMENTS – AS PER ISHRAE STANDARDS, CODES		

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FRESH AIR	The Fresh Air Ventilation requirements to maintain the I.A.Q will be as under:  20 CFM / person
<b>EXHAUST VENTILATION</b>	
1. Toilets	15 Air changes / hr (As per industry norms)
2. Electrical and other service room	15 Air changes / hr (As per industry norms)
3. Food Preparation Areas	Maintained at a negative pressure relative to adjacent areas. As per industry norms (separate AHU provided)
4. Kitchen	Exhaust ventilation arrangement. As per industry norms
<b>SYSTEM REQUIREMENT – REFRIGERATION CAPACITY</b>	
The cooling load has been estimated based on the following assumptions.  All the window glazing and the glazed fenestration in the tenant premises envelope provided with special glazing with heat reflecting glass in all the orientation, at all levels and will provided with internal shading like blinds or curtains by client.  The structural elements like flooring; wall etc., constructed of standard items of the industry	
<b>SYSTEM PROPOSED – AIR CONDITIONING</b>	
<b>AIR CONDITIONING – GENERAL OFFICE AREAS.</b>	
The chiller water piping, Valves and Fittings insulated and finished as per standards.  The primary chilled water re-circulating pump sets installed to ensure the required flow of water through the cooler of the chiller packages irrespective of the variation in tenant premises load. However, the secondary chilled water Re-circulating pump sets will modulate the flow of chilled water through the various load centres (Air Handling units) to meet the varying demand of loads. This arrangement will save on electrical power / energy.  The chilled water refrigeration plant and the circulating pump sets installed in an open space on the terrace of the services block.	
<b>AIR HANDLING UNTIS</b>	
The air-handling units of double skin construction, Horizontal and draw through type.  These units provided with variable frequency drive and control arrangement as to modulate the speed of the blower assembly there by varying the air quantity delivered in response to varying demand of load thereby saving the electrical power / energy.	
<b>NOISE AND VIBRATION CONTROL</b>	
The main equipment comprising chillers and AHU's mounted on spring loaded support compete with concrete base, Inertia block etc.,  Piping duct connection to the equipment through flexible connections.	

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The HVAC equipment like chiller package, Circulating Pump, AHU's, Ventilation Blowers, etc. provided with energy efficient drive motors as to have maximum saving on Electrical Power / energy.

**3.2 NOISE AND VIBRATION CONTROL**

Air-cooled chiller package	Trane
Water-Cooled Chiller Package	Trane & Carrier
Primary Pump (Split casing / Centrifugal)	KSB, Bell & Gossett and Grundfos
Secondary CHW pump with variable Speed Pumping System including following  <ul style="list-style-type: none"> <li>&gt; Variable Frequency Drive</li> <li>&gt; Pump Controller</li> <li>&gt; Differential Pressure Sensor / Transmitter.</li> </ul>	ITT Bell Gossett (USA)
Air Handling Unit Complete with Cooling Coil for AHU's	Trane & Zeco
Centrifugal Fan for AHU's	Kruger
Axial Flow Fan	Kruger

**4. TELECOM & RELATED SERVICES**

- > Lessor has provided minimum of 1 No. sleeve in two different directions for routing a minimum number of Telecom Cables (from Service Providers) from main road to the tenant premises.
- > A separate vertical communication shaft is provided at all level for routing cables between the Server and Switch rooms, NO Core Cutting in the Developers Scope.

**5. COMPLETION OF WORKS & HANDOVER DETAILS OF INITIAL PROPERTIES.**

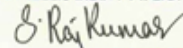
All Common Area providing access to and under use	<ul style="list-style-type: none"> <li>o Ground Floor Staircase Lobby</li> <li>o Ground Lift Lobby</li> <li>o Staircase and lift lobbies for all floors</li> <li>o Basement level car parks (provided to the Lessee)</li> <li>o Motorable access and exit into and from tenant premises pedestrians at ground level.</li> <li>o Telecom room earmarked in the basement level and protected access to the same</li> </ul>
All Service for the occupancy completely finished and operational. These services shall include;	<ul style="list-style-type: none"> <li>o Firefighting. Including hydrant and sprinkler for all the common areas including basement, other common areas.</li> <li>o Water supply for water closets, wash area and the pantry (if applicable)</li> <li>o Plumbing for the toilets</li> <li>o Electrical supply as per the scope defined in specifications.</li> <li>o HVAC as per the scope defined in specifications.</li> <li>o Lighting in common area including basements, other common areas.</li> <li>o Back-up power for serving the office area on all floors</li> <li>o Back-up DG power for serving all common area including basement, other common areas.</li> <li>o Earmarked garbage disposal / evacuation points.</li> </ul>

**DESIGN BASIS FOR IBMS:**

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**1. INTEGRATED BUILDING MANAGEMENT SYSTEM (IBMS) FOR COMMON AREAS**

The building base scope comprising provision of HVAC Equipment's Automation as described below and monitoring of other building service equipment's as described below

Siemens – SBT, Insight IBMS (Open System) – Graphical Software installed in the IBMS Central Control Room on an independent BMS PC.

Building Management system comprises the following HVAC Automation and other building Automation services.

**HVAC Automation**

**Approved Make: SIEMENS**

HVAC Building Automation – Monitoring and Control	<ul style="list-style-type: none"><li>• Chiller Sequencing, temperature control and BTU metering</li><li>• Primary Pump VFD controls</li><li>• Secondary Pump VFD Controls.</li><li>• AHU scheduling, temperature controls, VFD controls and Fire trip.</li><li>• HRW VFD controls sensing CO2</li><li>• Water Management pump control sensing level</li><li>• Stairwell Pressurization Fans controls and</li><li>• Fire Protection Pump Controls</li></ul>
Building Automation - Monitoring	<ul style="list-style-type: none"><li>• Lift status</li><li>• DG Set status</li><li>• Lighting Controls Distribution boards status.</li></ul>
HVAC Building Automation – Third Party System Monitoring	<ul style="list-style-type: none"><li>• Chiller Parameters and</li><li>•</li></ul>

**2. INTEGRATED BUILDING MANAGEMENT SYSTEM (IBMS) FOR OCCUPANT AREAS**

These are not base building scope

Provision to be made by CLIENT as separate tenant fit-outs within their own space

- HVAC – VAV damper actuator and temperature controls
- HVAC – CO2 sensor inside office area
- HVAC – Smoke Extract Fans
- Access Control System for Occupants office area and Ground Floor lift lobby
- CCTV System for occupant's office area
- Public Address System for occupant's office area
- Server Room Fire Suppression System
- Fire Sprinkler and Hydrant System in the customer area.
- Under deck insulation on the top floor.

**FIRE FIGHTING SYSTEMS:**

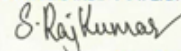
**TECHNICAL SPECIFICATIONS FOR FIRE HYDRANT, FIRE ALARM SYSTEM AND PUBLIC ADDRESS SYSTEM**

The Fire Hydrant System design features: Wet Riser for typical floor completed with double headed landing valves and the hose reels at every floor level. The hose reels – accommodated in the glass – fronted box – are located

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in the lift lobby at all floor, so as to have, easy approachability. The system design has been carried out in accordance with relevant IS code NBC regulations.

The ground floor area has been provided with single headed landing valve and hose reel assembly. The fire pump is located in the pump room in lower basement. The firewater sump is located outside of the building in the setback area near northeast corner. The Level of the tank and pump suction are such that negative suction is available for the pumps. Necessary puddle flange has already been provided.

The external part of the building is protected by yard hydrants placed at intervals as per specifications. The main piping for the hydrants are tapped – off from the discharge header of the fire pump sets and the same is run buried to some distance to suspended in the ceiling level with proper bracket support and is laid exposed supported on the compound was as shown in the layout drawings.

Two set of main fire pump engine driven / electric motor driven fire protection system provided at Upper basement level. Electrically operated Booster pump provided at terrace level with flow rate of 900LPM.

C.3.0 Equipment Protection:

C.3.1 Keep all pipe and conduct openings closed by means of plug or caps to prevent the entrance of foreign matter, protect all piping, conduct, fixtures, equipment or apparatus, Any such work will be restored to its original condition or replaced.

C.3.2 Accessibility:

The installation of valves, thermometers, cleanout fittings and other indication equipment or specialities requiring frequent reading, adjustment, will be conveniently and accessibly located with reference to the finished building. Thermometers and gauges installed so as to be easily read from the floor, for floor cleanout minimum distance of 600mm shall be available from any wall.

**FIRE HYDRANT PUMPS**

E.0 Automatic Fire Pumps & Controllers:

- a. Motor; suitable rating as specified and will be TEFC squirrel cage induction type with class B insulation.
- b. The pump delivery not less than 150% of rated capacity at a pressure less than 65% rated head. The shut – off pressure not to exceed 100% of the rated pressure.
- c. The following accessories included with the pump unit:

Discharge Tee

Test header with valves and caps

Casing relief valves

Overflow Cone

Suction and discharge gauges

Coupling guard

Vibration isolator

- d. Pump and driver mounted on a common base plate of either cast iron or fabricated steel and direct connect through a flexible coupling, the pumps have bronze impellers mounted on to SS shafts.

E.1.0 Jockey Pump:

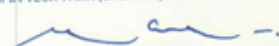
- a. Pumps have horizontal centrifugal and section top discharge type having bronze impellers, which are pinned for positive driving to stainless steel impeller shafts.
- b. For pump rating total dynamic head and electric characteristics refer to schedule on drawings.
- c. Pump contain close grained cast iron diffusers and equipped with bronze casing rings. Sleeve – type base bearing shall be bronze.
- d. Pump base and motor adaptor in fabricated steel frame with complete mechanical shift seals and standard TEFC / SPDP proof motors drip canopies.

**TECHNICAL SPECIFICATION FOR AUTO MATIC FIRE ALARM SYSTEM**

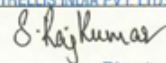
**SPECIFICATION FOR AUTO MATIC FIRE ALARM SYSTEM:**

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The system with fully supervised for all fault conditions with distinctive alarm operated for Fault and Fire conditions. The fire or fault lamp will continue to glow until the fault condition has been corrected or the fire extinguished. Test push buttons are provided on the main control panel to test electronic circuits in each zone.

- a. Normal conditions
- b. OPEN circuit in system wiring
- c. SHORT circuit in system wiring
- d. FIRE conditions.
- e. AC main failure
- f. Battery LOW conditions.

**STANDARDS**

Installation & Maintenance of Fire Detection and Alarm System	IS-2189-1988
Detectors	IS-2175-1988 / 1130-1985
Copper Wire	IS-694-1977
Rubber Insulated Braided Wire	IS-9068 (Pt - 1) - 1981
PVC insulated Cables	IS-1554 (Pt - 1) - 1976
Paint Shade for main equipment / Accessories	Shade No.536 of IS-5-1978
All installations shall comply with current applicable provisions of India and following accessories	
NFPA 71	Central Station Signalling Systems – Protected Premises Unit
NFPA72A	Local Protective Singalong Systems – Protected Premises Unit
NFPA72D	Proprietary Signalling Systems – Protected Premises Unit
NFPA72E760	Automatic Fire Detectors – National Electric Code Article.

The work shall be done to the satisfaction of the consultant / project manager and in accordance with regulations of the local fire authority, insurance authority, Electricity / Fire rules and regulations and the enclosed specification.

**BASIS OF DESIGN**

An intelligent Fire Alarm System (IFAS) provided to effect total control over the life safety services required in the building. The IFAS is of the digital, distributed processing, real time, multitasking, multi-user and multi-location type.

The system is provided with addressable and analog fire alarm initiating, annunciating and controlling devices.

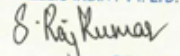
The addressable and intelligent system is such that smoke sensors, thermal sensors, manual call points, etc., can be identified with point address and will incorporate the following features.

- a. Setting smoke sensor sensitivity remotely (from the fire alarm panel) to either high sensitivity manually or on a pre-programmed sequence e.g. occupied / unoccupied period the FAS will be able to recognize normal and alarm condition, below normal sensor values that reveal trouble condition and above normal values that indicate either a pre-alarm condition or the need of maintenance.
- b. An operator will be able to adjust alarm and pre-alarm thresholds and other parameters for the smoke sensors.
- c. Provide a maintenance / Pre-alert alarm capability at smoke sensors to prevent the detectors from indicating a false alarm due to dust, dirt etc.,
- d. Provide alarm verification of individual smoke sensor, alarm verification will be printed on the printer at the control station's printers to enhance system maintenance and identify possible problem areas.
- e. Provide numeric point address and LED display of device and current condition of the point. Local annunciation is not interfered with annunciation from the fire control system.
- f. Provide outputs that are addressable i.e. outputs will have point address. The operator can be able to command such point manually or assign the point to Logical point Group (Zones) for pre-programmed operation.

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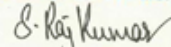
  
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<p>In the event of a fire alarm, but not in a fault condition the following action will be performed automatically.</p> <p>g. An alarm will be notified a pre-determined telephone number with information, including point number and type of condition.</p> <p>h. Air handling units on effected floors will automatically be switched OFF and simultaneously respective fire dampers with also be closed.</p>
<p><b>TECHNICAL SPECIFICATIONS FOR PUBLIC ADDRESS SYSTEM:</b></p>
<p>The main objective of the public address system is to convey clear and audible instruction to all the people on all floors of the building in case of an occurrence of fire other emergency. The sound output should not be so loud that people nearest to the speakers feel uncomfortable. No so weak that people away cannot listen to what is being broadcast this is achieved by working the system at 65 to 70% power output and distributing the speakers uniform all over the floor area.</p>
<p><b>GENERAL DESCRIPTION:</b></p>
<p>The system will comprise of a microphone of suitable technical specification, a set of Amplifiers whose output is fed to loud speakers on various floors / buildings to obtain objective. The system shall</p> <ol style="list-style-type: none"> <li>Control Desk with Zone Selector Mike.</li> <li>Amplifiers</li> <li>Loud Speakers</li> <li>Connecting cables and circuits.</li> </ol>
<p><b>HAND APPLIANCES (FIRE EXTINGUISHERS):</b></p>
<p>Fully charged and tested ISI marked fire extinguishers of various type as required and installed in readily accessible locations with brackets fixed to wall by suitable anchor fasteners.</p> <p>Each appliance will be provided with an inspection card indicating the date of inspection, testing, change of charge and other relevant data.</p> <p>All appliances fixed in a true workman like manner, truly vertical and at correct locations.</p> <p>Fire extinguishers installed as per the Indian standard 'code of practice for selection, installation and maintenance of portable first aid appliances' IS-2190-1962.</p>
<p><b>TYPE OF FIRE EXTINGUISHERS:</b></p>
<ol style="list-style-type: none"> <li>Co2 fire extinguishers conforming to IS-940 shall be used to extinguish class A fires.</li> <li>Chemical foam fire extinguishers conforming to IS-933 and mechanical foam extinguishers conforming to IS-10204 shall be used to extinguish class B fires.</li> <li>Dry chemicals fire extinguishers conforming to IS-2171 shall be used to extinguish class B and class C fires.</li> <li>Carbon dioxide fire extinguishers conforming to IS 2678 shall be used to extinguish class B and class C fires.</li> <li>Fire extinguishers filled with mono-ammonium phosphate cited with silicon and pressurized with Nitrogen, as propelling agenda shall be used to extinguish class A, class B and class C fires.</li> </ol> <p>Fire buckets of 9 litre capacity fabricated out of 24SWG sheet steel filled with clean fine sand a will be provided at required places.</p>

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## Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer

I, Vivek Gupta, certify that:

1. I have reviewed this report on Form 10-Q of Mastech Digital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MASTECH DIGITAL, INC.

Date: May 7, 2021

/S/ VIVEK GUPTA

**Vivek Gupta**  
**Chief Executive Officer**

## Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

I, John J. Cronin, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Mastech Digital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MASTECH DIGITAL, INC.

Date: May 7, 2021

/S/ JOHN J. CRONIN, JR.

**John J. Cronin, Jr.**  
**Chief Financial Officer**

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Mastech Digital, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vivek Gupta, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ VIVEK GUPTA

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**Vivek Gupta**  
*Chief Executive Officer*

Date: May 7, 2021

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Mastech Digital, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Cronin, Jr. Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ JOHN J. CRONIN, JR.

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**John J. Cronin, Jr.**  
*Chief Financial Officer*

Date: May 7, 2021