

MANAGEMENT'S DISCUSSION AND ANALYSIS

(forms part of the Directors' Report of the company's Annual Report FY 2007-08)

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Cautionary Statement:

This Management Discussion and Analysis of the company's performance and outlook may contain forward-looking statements that set out anticipated performance based on the management's plans and assumptions. Its aim is to facilitate a better understanding of the company's prospects and make informed decisions. We cannot guarantee that any forward-looking statement will be realized, though we have been prudent in our plans and assumptions. The forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management analysis only as of the date hereof. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

The Indian IT industry: Generating Higher Returns on Talent is the New Imperative

Fiscal 2008 has been an interesting year for the Indian IT industry. On one hand, it continued its growth trend and performed in line with expectations but on the other hand it also faced challenges that are likely to get amplified going forward.

During the year under review, NASSCOM estimates that the Indian IT and related services industry has expanded by about 33%, with IT software & services, software products and engineering services accounting for more than 70% of the overall industry's (including hardware) \$64 billion revenues. Exports, that contribute over two-thirds of India's IT & BPO revenue, are said to be growing at 28%, crossing the \$40 billion mark in FY 2008.

At the same time, the industry has also been witnessing headwinds in the form of macroeconomic adversities that include an economic slowdown in key markets and volatile currency movements and supply-side constraints that include a limited talent pool and rising wages. Over the years, India has emerged as a preferred destination for cost-effective IT development, maintenance and related services, with cost-arbitrage being the key enabler. But the limited availability of adequately trained professionals and significant wage inflation, combined with the industry's concentration on lower-end maintenance related activities, clearly indicate that the labour cost arbitrage that Indian IT players have been able to successfully leverage so far may not be sustainable for much longer.

In order to sustain the growth levels that it has become accustomed to, it may not be enough for our country's IT industry to simply shift focus away from markets like North America, where much of the industry's revenues currently come from, to other markets like Europe or Latin America. Fact is, despite rapid growth in the IT services space, India's current share of the global IT spend is less than 5% and penetration is abysmally low even in markets like the USA. For the Indian IT industry to continue growing at 30% or better rates, it will need to enhance its share of the global IT spend. To do that, it will be essential for the country's IT players to effectively penetrate the higher-value consulting, systems integration, strategic application development and solutions market where the benefits for customer organizations are much more than just cost advantages. This will also allow Indian players to generate better revenues, earnings and growth with lesser human resource utilization, resulting in higher returns on the talent they employ.

Achieving increased returns on talent can have multiple benefits, in addition to accelerating the industry's growth rate. For example, it will become possible for industry players to absorb wage inflation or impact of foreign exchange volatility due to better operating margins. The higher-end solutions-driven model is also likely to be more sustainable over the long term, because the cost arbitrage model is heavily dependent on the ability of service providers to consistently add programming talent in very large numbers and is also much more susceptible to competition from other low-cost nations. This is especially relevant for mid-sized IT players who do not enjoy the



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benefits of scale and would do well to focus on niche areas where they have competitive advantages.

Success in achieving this objective, however, will be determined by multiple factors that include domain expertise across multiple industries, intellectual property, enterprise architecture capabilities and program management skills. Few players in the Indian IT sector today have such a broad range of competencies. Mastek, in a way, has been ready for the business environment that is now emerging, with more than a quarter-century of experience in designing and delivering high impact projects and intellectual property-led solutions, as reflected in its superior returns on talent compared to other peers of similar size.

Mastek's Business Model: Intellectual Property (IP)-led Enterprise Solutions

Mastek operates at the higher end of the IT value chain, building strategic applications for customers that enable them implement their business innovations, compete more effectively, operate more efficiently and become more profitable. The company focuses on providing enterprise solutions to businesses and governments worldwide.

Over the past 26 years since its founding, Mastek has built and delivered about 1,000 large and strategic applications to global customers that include multiple Fortune 1,000 companies. With its strong enterprise architecture capabilities and software engineering disciplines, Mastek has established itself as a leader in delivering complex solutions conforming to high quality benchmarks within specified timeframes and costs in a consistent manner.

Mastek is at its best in building greenfield applications which involve intense collaboration with customers and partners in envisioning the solution. With its advanced enterprise architecture capabilities and robust CMM Level 5 software engineering disciplines, Mastek is unique in its ability to deliver high quality, well integrated enterprise class application solutions on-time, every time. Mastek's 90%+ on-time delivery record, in an industry where hardly 30% of large projects are delivered on time, is the main reason why its partners and customers consistently expand their relationship with the company and it is a partner of choice for several systems integrators (SIs).

In its initial phase of growth, the company was able to create a strong foundation of solutions capabilities by designing IT solutions and developing products for customers in the domestic market during the 1980s, when an export market for Indian IT was non-existent. In the following decade, Mastek built substantial expertise in a wide range of technologies and processes, made investments in developing its own intellectual property (IP) and took its capabilities to the international markets. During the past few years, the company has been consolidating its position as an IP-led solutions provider. A new, more flexible version of Elixir™ is being introduced in the market and the company has crystallized its focus on two verticals – Government and Insurance – in which it has substantial experience and intellectual property.

Business strategy

Verticals Focus to Expand Margins, Drive Growth

Mastek's growth strategy entails pursuing the enterprise solutions market while ensuring that it optimizes its margins and return on talent that places it among the best in industry. Leveraging its IP and proprietary methodologies, strong enterprise architecture capabilities and proven program management competencies, Mastek has progressively been expanding its share of the high-potential enterprise applications market. This process has been accelerated since the company re-focused itself on two industry verticals, Insurance and Government. These verticals are attractive from both the returns as well as size and potential perspectives. Mastek also enjoys significant competitive advantages in these verticals, where it has a formidable track record as well as intellectual property and re-usable frameworks.

Within its chosen verticals, which it intends to expand going forward, Mastek looks for application areas that need re-invention and transformation. In such situations, there is enough opportunity for Mastek to build the base IP and then use its architecture and project management capabilities to build a custom solution that meets the strategic requirements completely, with no compromises. In many of its target markets, Mastek tends to compete with firms that specialize in these segments. Indeed, most of the new accounts that Mastek added during FY 2007 and FY 2008 were secured after successfully competing with international players across various geographies.

The focus on select verticals is also enabling Mastek to enhance its operating margins by optimizing its selling, general and administrative (SG&A) costs-to-sales ratio through increased SG&A productivity. Year-on-year trends are already demonstrating the beneficial impact of this strategy, with SG&A-to-sales ratio declining year-on-year. As each of the verticals attain maturity, this ratio is expected to further improve going forward.

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Mastek also intends to leverage both organic and inorganic routes to implement its growth strategy. During the financial year under review, the company made two acquisitions - both in the United States – that noticeably strengthen its skill-sets, capabilities, IP portfolio and client base. Mastek continues to explore similar value accretive opportunities for inorganic growth.

Enhancing Quality of Revenue Through Partnerships & Strategic Customer Relationships

In line with its focus on higher-end solutions and services, Mastek's approach is to work with few customers and have very deep and impacting relationships with each of them. Given the strategic nature of its focus market, which is enterprise applications and solutions, the kind of projects that Mastek becomes a part of tend to be very large and complex, requiring organizations with varying capabilities and competencies to come together and collaborate. In such cases, Mastek often partners with large system integrators and consortium leaders. The company counts its ability to forge effective and lasting partnerships with large, global partners as one of its key competitive strengths. Mastek already has an impressive track record of collaborating with leading system integrators such as Capita and BT Global Systems, co-creating and delivering projects to end-customers. During the year under review, it initiated a new business relationship with the global major Thales in UK, with whom it is currently delivering an IP-based solution for the UK's Ministry of Defence.

The company continually strives to develop strategic customer accounts and new partnerships where necessary. This in turn results in better quality of revenues and much deeper client engagement.

Delivering Progressive Returns on Talent

For knowledge-driven organizations like Mastek, the key success enabler and most vital resource is world-class talent. Capital, often perceived to be among the scarcest and hence most critical ingredient for success, does play an important role in the company's operations but the primary growth fuel is its talent pool. Not surprisingly, Mastek lays strong emphasis on measuring return on talent as well, instead of only focusing on return on capital.

Mastek's returns on talent, as reflected in its revenue and profitability per employee (tabulated below), are superior to most Indian peers of similar size and scale and compare favourably even with some of the largest players in the industry who enjoy substantial scale advantages and some international peers focused on higher-end systems integration or verticals solutions. This clearly demonstrates the beneficial impact of engaging in high value activities that are built around own intellectual property and re-usable frameworks for client organizations at the enterprise level.

Return on Talent metrics	FY 2008	FY 2007
Revenue per employee (US\$)	59,144	54,220
EBITDA per employee (US\$)	10,318	8,499
Net profit (PAT) per employee (US\$)	8,127	6,260

Access to and effective utilization of, highly talented individuals globally is essential for intellectual property and solutions focused players like Mastek. Success in the solutions space requires a mindset that is very different from what one may find in a typical cost-arbitrage based IT services environment. The ability to envision a solution, then architect and design it and finally develop and implement it – while adhering to predetermined parameters and timelines – is a challenging process that requires a culture of strategic thinking, innovation and enterprise-orientation. Mastek has an “organizational DNA” well-suited for success in the solutions market, which is reflected in both its track record over the past 26 years and the profile of its people, as well as the people policies that the company has in place. Such an organizational character is difficult to re-create and is thus a key competitive advantage that the company enjoys.

During the year under review, the company continued to implement measures aimed at sustaining its superior returns on talent. This included optimizing its grade mix, reinforcing its leadership team in India as well as abroad, investing in training, differentiating itself in the recruitment market and strengthening its resource planning process.

As on 30 June 2008, had 4071 “Mastekers” of which 756 were added during FY 2008. Of these 4071 individuals, about 30% were based on-site at client locations while the rest were at various offshore locations.

Business Unit	As on 30 June-2008	As on 30-June-2007	As on 30-June-2006
US	1,086	706	522
Europe	1,699	1,717	1,463
Other regions	616	341	397
Corporate Services (including trainees)	670	551	364
Total	4,071	3,315	2,746



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Mastek will keep expanding its organizational size in line with growth requirements and, as observed over the past few years, will enjoy a non-linear growth where revenue expansion rates will significantly exceed employee addition rates.

Geographical Segment-wise Performance Review

During FY 2008, Mastek added new customers, expanded its existing partnerships and added a new one, progressed further on developing deep relationships with clients and made acquisitions that complement its skills-set. In the first month of the new fiscal year 2009, the company also unveiled a new corporate identity that clearly communicates Mastek's vision as an enabler of transformation to customers, partners and employees on a global basis.

On the operations front, all key business units of the company performed in line with expectations, creating a platform for sustained future growth.

UK Operations

During FY 2008, the company maintained its formidable presence in the UK market, with revenues from UK operations contributing Rs 5,690 million, amounting to about 64% of overall consolidated revenues. In the UK, Mastek currently generates majority of its revenues from the Government vertical, although its Insurance vertical business in the market is also rapidly growing. On the back of its Elixir™ platform for the insurance industry, Mastek has gained noticeable traction in UK's Insurance market. During fiscal 2008 itself, Mastek added multiple new accounts in the Insurance vertical for its Elixir™ platform. This includes a revision of the company's existing agreement with Capita Life & Pensions that expands the licence and service arrangement for Elixir™ and a direct win for the Elixir™ solution after the UK's Legal & General selected it for the administration of some of its products in the UK.

In the Government vertical, Mastek added a new partnership in the UK with Thales UK and the Thales-led partnership won a mandate from the Ministry of Defence, UK (UK MoD) for an IP-based solution. The Thales-led partnership of Mastek, Fujitsu Services and Flyware has developed the "Swift2Move" software solution to meet the UK MoD's requirement

to manage and schedule the global air movements of troops and cargo which will be deployed over its Defence Information Infrastructure (DII). The total contract win for the consortium is about £27 million. Given the high end, high value nature of solutions that Thales focuses on and the manner in which the global Military, Defence and Aerospace sector is evolving, this Mastek and Thales partnership could open up additional opportunities going forward.

Mastek also continued to execute the multi-year National Application Service Provider ('NHS Spine') contract within UK's National Health Service (NHS) project in consortium with BT Global Services (BTGS). Within NHS engagement, Mastek has been able to deliver all key modules on time within schedule, even as some other members of the consortium lagged behind – in many cases Mastek has been able to successfully take on certain modules or components that other players were unable to complete on time. As a result, the company has till now received much more volume of business from BTGS on this engagement than earlier envisaged and this engagement has become a significant contributor to Mastek's current overall revenues.

The development phase of this NHS program, which began in 2004-05, will ramp down gradually from FY 2009 onwards as the project reaches its natural conclusion and moves into maintenance phase. This ramp down, however, will occur over a two-year period instead of one year as earlier anticipated. Given that the remaining (non-NHS) business operations are likely to continue to deliver healthy year-on-year growth and execution has begun on the project with Thales UK, the impact of NHS program revenue ramp-down on overall revenue is likely to be tempered.

All other engagements within the government vertical in UK continued to deliver optimally and this is expected to sustain in the new fiscal year as well. Mastek enjoys a strong presence in this market and is leveraging its status as one of the largest Indian IT players in the UK to strengthen its pipeline in both Government and Insurance verticals. The company has strengthened its leadership and sales teams in this market, bringing in professionals with significant market and industry experience to deliver on growth objectives.

US Operations

The company's US operations showed significant growth during the year under review in both revenues and net profit, though on a smaller base. Unlike most other players in the Indian IT industry, Mastek has traditionally received a major part of its revenues from the European market, with the US business unit making a relatively lesser contribution. Over the past couple of years, the company has seen better traction in the US market, enabled by

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increasing acceptance of higher-end, IP-based solutions from India. In FY2008, the company's revenues from the US market were Rs. 2525.8 million, an increase of 54% over the preceding year. This was preceded by a 28% and 40% increase in revenues registered in FY2007 and FY2006, respectively.

In line with its growth strategy, Mastek made two strategic acquisitions in the US during the year under review. The company acquired Vector Insurance Services (in July 2007) and STG International (in March 2008) in the US. These initiatives are expected to noticeably strengthen the opportunity pipeline for Mastek in the overall insurance vertical and expand Mastek's presence in the non life segment of the insurance vertical. VectorMastek adds "software as a service" (SaaS) and "process as a service" (PaaS) capabilities to the company's existing end-to-end enterprise software solution offerings. STGMastek, on the other hand, comes with a very attractive operating profile, comprising of an IP that is successful and well-accepted in the marketplace, a unique go-to-market business model, deep domain expertise and project management skills embedded in about 350 senior professionals, proven track record that spans more than 17 years with an outstanding implementation success rate and over 35 customers that include names like Tokio Marine Management (TMM), GMAC Insurance, RLI Insurance, FCCI Insurance, Amerisure, Bituminous, Max Specialty and Ford Financials amongst others.

The robust opportunity pipeline and team that the company has created in the US market, along with earnings and value accretive acquisitions completed during FY2008, is expected to enable noticeable revenue and earnings progression going forward.

Other Operations

This segment includes Mastek's operations in, Asia and Germany. These regions reported consolidated revenue of Rs. 723.5 million in fiscal 2008 as against Rs. 523.8 million in fiscal 2007. The company continued to deliver on all key milestones for projects in these markets during the year under review. Mastek's insurance accounts in Asia – that include some global insurance majors – are witnessing healthy traction and in India too the company is now engaged with the

Indian arms of several foreign insurers for implementing solutions based on its Elixir™ platform. During FY2008, IDBI Fortis launched its India operations using the Elixir™ platform, initially with the Policy Administration module and later expanded the scope to cover all the modules of Elixir™. Mastek also made some preliminary forays in the high potential Middle East market and the early trends are encouraging with multiple wins coming in during the year under review. The outlook in most of these markets remain very positive.

Update on Corporate Developments

Vector and STG Fully Integrated with Overall Operations

Mastek made two strategic acquisitions within its focus Insurance vertical in the US during FY2008, taking a 90% equity stake in the Indianapolis-based Vector Insurance Services in July 2007 and a 100% stake in the New York-based STG International in March 2008 through its US subsidiary MajescoMastek. These initiatives were in line with the company's intent to make well-considered acquisitions that complement its existing strengths in terms of intellectual property, skill-sets and customer base. Both Vector and STG have now been fully integrated with the operations of the company. Both the newly acquired entities VectorMastek and STGMastek added new insurance customers during FY 2008.

With its now expanded capabilities, the company has broadened its IP-based enterprise-wide technology offerings to cover life, annuity, property and casualty (P&C) insurers in the North American market. The financial and strategic contribution from these acquisitions to Mastek's overall operations during the period under review has been in line with plan, with the opportunity pipeline for the company in the Insurance vertical noticeably expanding.

Share Buy-back Completed

The company had, during FY2008, announced plans to repurchase its shares upto a maximum of 25% of the share capital and free reserves (including share premium) based on the audited accounts as on 30 June, 2007, that is, up to Rs. 650 million. Accordingly, the share buy-back of programme opened on 20 May, 2008 and purchases were made consistently through open market transactions in accordance with applicable laws, rules and regulatory guidelines. While the last date for the buy-back was 26 November, 2008 (i.e., 12 months from the date of the resolution passed by the shareholders of the company through postal ballot), the maximum limit of buy-back was reached on 17 July, 2008. Resultantly, the buy-back programme stands successfully completed and has been closed. During the period of buy-back, the company repurchased 1660,095 equity shares for



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Rs. 650 million. As on 30 June, 2007, the company had 28,464,181 equity shares of Rs. 5 each outstanding, which will stand at 26,880,201 equity shares after extinguishment of all the bought back shares on [23 July, 2008].

Phase I of New Chennai SEZ Campus Nearing Completion

Mastek is currently in the process of establishing its new campus at the Mahindra Industrial Park, an SEZ near Chennai. All future expansions over the next few years will occur at this campus, which will be able to employ over 5,000 professionals when fully operational. The first phase is expected to be completed and ready during FY 2009.

Mastek Named Among Best 20 in Government and Insurance Verticals Globally

Mastek was ranked 16 in the "2008 Global Outsourcing 100" companies – a list compiled by the International Association of Outsourcing Professionals (IAOP) which includes companies from around the world providing a full spectrum of outsourcing services – not just information technology and business process outsourcing, but in areas such as facility services, real estate and capital asset management, manufacturing and logistics. Mastek was also ranked among the Best 20 companies by industry focus in both its target verticals of Government and Insurance, where it has created a strong position for itself within the enterprise applications market. This is the third time and second consecutive year, when Mastek has been ranked among Top 20 in the Global Outsourcing 100 list compiled by IAOP. The 100 companies selected were announced at the 2008 Outsourcing World Summit® with the rankings unveiled in a special advertising section of the spring issue of FORTUE® magazine in May 2008.

Mastek Chairman Conferred with CNBC Asia "India Business Leader of the Year" Award

Mastek's Chairman and Managing Director Mr. Sudhakar Ram was conferred with the CNBC Asia "India Business Leader of the Year" Award in December 2007. The India Business Leader of the Year Award is given to business leaders who approach success holistically. Ensuring the Company's growth through innovation, encouraging employees through motivation and capitalizing on global trends to grow business profitability were among the qualities that

were given special attention in the selection process for this Award.

Review of Financial Performance

(Consolidated figures, unless otherwise stated. All comparisons with preceding years is after excluding contributions from the erstwhile Deloitte JV.)

The company's total income for the year was higher by 23% at Rs. 9161.9 million compared to Rs. 7432.2 million last year. This was driven by a noticeable improvement in revenues in the US operations which now include STGMastek and sustained growth in the UK and Asia operations. Fixed-bid contracts accounted for about 46% of the revenues during the year. In dollar terms, the company's total income increased 34% from US\$ 169.1 million last year to US\$ 226.7 million in FY 2008. PAT was higher by 60% at US\$ 31.2 million in FY 2008 compared to US\$ 19.5 million last year.

EBITDA for the year under review increased 36% to Rs. 1,598.3 million, translating into a noticeably higher EBITDA margin of 17.9% compared to 16.1% last year. This significant expansion in margin was driven by the ongoing productivity and operational efficiency enhancement initiatives that the company has been implementing over the past few months. Profit After Tax (PAT) increased 47% from the similar period last year (excluding Deloitte JV) to Rs. 1,258.8 million, indicating a net profit margin of 13.7%.

Business Outlook

Mastek implemented multiple initiatives during the year under review to create a robust platform for future growth. The company has been able to make considered acquisitions, add and expand partnerships, strengthen relationships with customers and explore new opportunities along its focus verticals of insurance and government. Mastek's Elixir™ solution is already generating significant interest in the marketplace and the company has already secured multiple deals based on the Elixir™ platform.

The significant progress made towards expanding and leveraging the opportunity pipeline as well as the order book, combined with the fact that now any ramp-down in the application development revenues from the NHS assignment will be much slower than earlier anticipated, should enable the company to deliver a growth-led performance in the new fiscal and subsequent years.

The management team remains fully aligned to the long term vision and growth strategy. Going forward, implementation of Mastek's growth strategy is expected to get reflected in the company's performance in each of its chosen verticals and in its operating metrics.

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Internal Control Systems and Risk Management

Mastek's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrices and to identify opportunities and risks with regard to its business operations.

Internal Control Systems

The company has in place several sophisticated mechanisms aimed at establishing and maintaining adequate internal controls over all operational and financial functions, which enable the company to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

Mastek maintains adequate internal control systems that provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets. The company uses an enterprise resource planning (ERP) package that enhances the efficiency of its internal control mechanism.

The company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Mastek has appointed an independent audit firm as its Internal Auditors and the Audit Committee reviews its findings and recommendations at periodic intervals.

Mastek's internal control system is adequate considering the nature, size and complexity of our business.

Management of Risks and Concerns

Mastek has a risk management framework that enables active monitoring of the business environment and identification, assessment and preemption or mitigation of potential internal or external risks. A discussion of key risks and concerns and measures aimed at mitigating them, are discussed in the following paragraphs.

➤ **Growth Management:** Mastek aims to grow its operations in its chosen verticals globally, by making investments in new intellectual property (IP), acquisitions and other competitive assets. Given the business environment and the challenges of attracting and retaining talent, any

inability to manage growth in the chosen verticals and in any or all of the multiple geographies that the company operates in might have an adverse impact on its performance. Mastek does have a natural advantage over its peers with regard to attracting talent, given its status as an IP-led player with a 26-year track record in the industry. The company also has a strong recruitment and human resources management system, a highly rewarding work environment and competitive compensation schemes (that include ESOPs) which should enable it attract fresh talent on an ongoing basis. It has also reinforced its leadership team over the past year to manage its growth efforts in a more effective manner.

- **Macro-economic factors:** The company is engaged with customers in Europe, North America, Asia-Pacific region and India. Due to the global nature of its operations, the company's performance is influenced by macro-economic factors such as economic cycles in its various markets and volatility in foreign currency exchange rates. This risk is mitigated to some extent due to the company's presence in multiple, diverse markets from Europe to Malaysia and India.
- **Potential Fluctuations in Operating Metrics:** The company's focus is on vertical enterprise applications, which is a high-end, solutions-driven market. The company's success in delivering healthy operating matrices such as revenue growth, margins expansion, employee and resource productivity and earnings enhancement are subject to many factors that include the ability to execute projects, win new project orders and effectively deploy capital and other resources. The company does have in place a three-pronged growth strategy, discussed elsewhere in this Annual Report, to drive improvement in operating matrices.
- **Risks Related to Tax Concessions:** The company operates within a sector that enjoys favourable government policies that include tax benefits and any shift in these policies can have an impact on the company's business.
- **International Operations Risk:** In view of the company's operating presence in multiple countries, any inability on part of the company or its employees to comply with international laws and contractual obligations can have an impact on overall performance. The company does train its employees on compliance related issues to mitigate such risks.
- **Client Risks:** The company's strategy is to engage with a few customers and build long-term relationships with them. Any shift in customer preferences, priorities and internal strategies can have an adverse impact on the company's operations and outlook. Mastek does



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have the benefit of being very entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

- **Technological Risks:** Mastek is a player in the higher-end vertical enterprise applications market, where access to intellectual property and capabilities in cutting-edge technology are key enablers of longer term success. Any significant barriers in the company's ability to develop and/or align and adapt to new technologies can have an adverse impact on overall operations. The company does have technical teams that keep a track of emerging technologies and trends in order to ensure that it remains aligned to changes in the technological landscape.
- **Contract and Delivery Related Disputes:** The company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities

or other reasons. Mastek does have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.

- **Competition:** The IT services and solutions market is highly competitive, with several players based in India and elsewhere. While the company has strong domain expertise, robust delivery capabilities and significant project experience, there is no guarantee that it will always get the better of competition.
- **Dependence on Key Personnel:** Mastek has one of the best management teams in the industry and this has been a critical enabler of its operating success. Any loss of personnel through attrition or other means may have an impact on the company's performance. Mastek does endeavour to have an effective succession plan in place to mitigate this risk.
- **Risks Associated with Possible Acquisitions:** Well-considered, properly evaluated and strategic acquisitions form part of the company's growth strategy. There is no guarantee, however, that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the company would undertake all due care and diligence in the process of making any acquisition.