



PRESS RELEASE

**Mastek Oct-Dec 2007* quarter Revenues up 17% year-on-year at Rs 216 cr
EBITDA margins expand to 17.3% on back of cost efficiencies**

PAT for quarter up 31% at Rs 27 cr year-on-year, EPS (non-annualised) at Rs 9.44

In dollar terms, Revenues grow by 33% and PAT up 51% year-on-year

Board recommends interim dividend of 70%

Strong outlook for full year, driven by:

- **Implementation of efficiency and productivity enhancement initiatives**
- **Expansion of order book (Rs 362 cr) and opportunity pipeline**
- **Addition of 4 new customers during the quarter**

Mumbai, India – Jan. 09, 2008: Mastek, a high-end IT solutions player with global operations providing new technology and IP-led enterprise solutions to insurance, government, and financial services organizations worldwide, announced its unaudited financial results for the quarter and half-year ended December 31, 2007 today.

Review of quarterly financial performance*

Mastek's revenue performance during the quarter under review was driven by sustained growth in its existing accounts, while its earnings performance was driven by better margins.

On a corresponding quarter basis, the company's total income was higher by 17% at Rs 215.9 crore compared to Rs 184.7 crore in the similar quarter last year (after excluding contributions from the erstwhile Deloitte JV). This was driven by a noticeable improvement in revenues from the US operations which now include the recently acquired VectorMastek and sustained contribution from the UK operations.

EBITDA for the quarter under review was Rs 40.9 crore, translating into an EBITDA margin of 17.3% compared to 14.5% in the sequentially preceding quarter. This expansion in margin was driven by rationalization of costs, resulting in higher operational efficiencies. Profit After Tax (PAT) increased 31% from the similar period last year (excluding Deloitte JV) to Rs 27.1 crore, indicating a net profit margin of 12.5%.

In dollar terms, the company's total income increased 33% from US\$ 40.6 million last year to US\$ 54.1 million in the quarter under review. PAT was higher by 51% at US 6.8 million compared to US\$ 4.5 million last year.

Interim dividend

The Board declared an interim dividend of 70% for the year, amounting to Rs. 3.50 per share, in line with its intent to enable shareholder participation in the company's growth. The record date for payment of Interim Dividend will be January 16, 2008.

* All references to Mastek's financial results in this release pertain to the company's consolidated operations excluding the erstwhile DC JV, unless otherwise mentioned. This provides a fair and complete view of the company's operations, as Mastek operates through a subsidiary model.

Note: Mastek follows a July 01-June 30 financial year; Rs 1 crore (cr.) = Rs 10 million (mn.).



Commenting on the results, Mr. Sudhakar Ram, Chairman and Managing Director, Mastek, said: *"We are pleased to report an encouraging performance in our key geographies and target verticals of Insurance and Government. During the quarter, we were able to simultaneously grow our existing accounts and add new ones. In addition to that, we also realized cost efficiency gains on the back of multiple improvement programs initiated over the past few months, as reflected in our expanded margins.*

We remain focused on the IP-led enterprise applications market and continue to implement our growth plans that include overseas acquisitions and expanding the order book, which has been growing. The second-half of our financial year 2008 is expected to be better than the first half, both in terms of customer addition and order book expansion, and we expect to deliver a 35% growth in dollar terms in FY2008."

Operating highlights for the quarter under review

- **New account addition and growth in existing accounts:** During the quarter under review, Mastek was able to build upon the opportunity pipeline that it has been creating, adding new customers (including a couple of Global Fortune 500 companies) and strengthening relationships with existing ones. The company added 4 new accounts during the quarter, with 3 of them being in the Insurance vertical. Of these four new accounts, 2 were added in the US, with the newly acquired VectorMastek adding an insurance customer.
- **Expansion of order book:** The company was also able to strengthen its order book during the quarter under review, which expanded 15% from the preceding quarter to Rs.362 crore as on December 31, 2007.
- **Sustained contribution from UK market:** During the quarter under review, the UK operations contributed Rs 138.7 crore in revenues, amounting to 66% of overall revenues for the quarter. Mastek added a new insurance company (a Fortune 500 player) to its customer base in the UK in partnership with Capita, for providing policy administration solutions on the Elixir™ platform.
- **Robust growth in US revenues:** Revenues from the US increased 50% from the similar quarter last year to Rs 53.2 crore.
 - 2 new accounts added in the US, including one added by the recently acquired VectorMastek.
 - The company also grew its relationship with existing customers.

Outlook

For the January-March 2008 quarter, Mastek expects its consolidated total income (which is inclusive of other income) to be in the range of Rs 220 to Rs 225 crore. Net profit after tax and minority interest is likely to be in the range of Rs 29 to Rs 30 crore. For the full year FY2008, the company is expected to deliver a 35% growth (in dollar terms) over FY2007 (after excluding contributions from the Deloitte JV).

Note: Summary financial table appears on the next page.



Mastek & its Subsidiaries	Quarter ended	Quarter ended	Quarter ended	July 06 to June 07	% change over	
Consolidated Profit & Loss Account (excluding DC-JV)	Oct - Dec 2007	Sept 30,2007	Dec 31,2006		July-Sept 07	Oct-Dec 06
(Rs. Lakhs)						
Revenue	21,165	20,420	18,096	72,677	4%	17%
Other income	433	729	373	1,645	-41%	16%
Total income	21,598	21,149	18,469	74,322	2%	17%
Exp	17,505	17,463	15,036	60,985	0%	16%
PBIDT	4093	3686	3433	13,336	11%	19%
Depreciation	837	719	680	2,749	16%	23%
Interest	17	20	33	86	-15%	-48%
Losses in equity affiliate			199	243		-100%
Tax	518	426	454	1,676	22%	14%
PAT before minority interest	2,721	2,521	2,068	8,583	8%	32%
Minority Interest	11	9			22%	
PAT	2,710	2,512	2,068	8,583	8%	31%
EBIDTA to revenue %	17.3%	14.5%	16.9%	16.1%		
EBIDTA to total income %	19.0%	17.4%	18.6%	17.9%		

About Mastek:

Mastek, is a Rs. 810 crore, US \$184 million (FY 2007) publicly held, leading IT player with global operations providing enterprise solutions to insurance, government, and financial services organizations worldwide. With its principal offshore delivery facility based at Mumbai, India, Mastek operates across US, Europe, Japan and Asia Pacific regions. Incorporated in 1982, Mastek has been in the forefront of technology, which along with proven methodologies and processes, increase IT value generation to its customers through onsite and offshore deliveries.

For more information and detailed results, please visit our Web Site <http://www.mastek.com>

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Note: Except for the historical information and discussion contained herein, statements included in this release may constitute forward looking statements. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from those that be projected by these forward looking statements. These risks and uncertainties include, but not limited to such factors as competition, growth, pricing environment, recruitment and retention, technology, wage inflation, law and regulatory policies etc. Such risks and uncertainties are detailed in the Annual Report of the company which is available on the website www.mastek.com. Mastek Ltd. undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof.