



Mastek July-Sept 2009 quarter Total Income at Rs 191 cr

PAT for quarter at Rs 26 cr, EPS (non-annualised) at Rs. 9.81

Maintains operating margins despite rampdown in BT/NHS project revenue and investments in growth initiatives

- 3 new customers added during the quarter -

- All BT/NHS project development revenue ramp down now fully absorbed -

Mumbai, India – October 8, 2009: Mastek, a high-end IT solutions player with global operations providing new technology and IP-led enterprise solutions with a focus on the Insurance and Government verticals worldwide, today announced its unaudited financial results for the quarter ended September 30, 2009.

Review of financial performance

On a quarter-on-quarter basis:

- The company's revenue performance during the quarter reflects the continued impact of the slowdown that the company has been experiencing due to a longer sales cycle as well as the remainder phase of the BT/NHS project ramp down which was along expected lines. The decline in revenue has translated into an impact on PAT as well.
- Total income during the quarter under review (Q1FY2010) was Rs 191.4 crore compared to Rs 214.1 crore in the preceding quarter. This decline has occurred mainly due to:
 - ramp-down in the NHS project development revenues, which has occurred at a faster than expected pace over the past few quarters. This rampdown is now over.
 - lower 'other income' during the quarter at Rs 2 crore compared to Rs 11.5 crore in the preceding quarter.
- Despite the higher than anticipated revenue decline, the company has been able to maintain its EBITDA margins.
- EBITDA for the quarter stood at Rs 29.3 crore, translating into an EBITDA margin of 15.5% compared to an EBITDA margin of 15.3% in the preceding quarter. This has been achieved despite a decline in revenues, investments in future growth initiatives including ongoing development of its Elixir4™ platform, and an expansion of its front-end sales team with the induction of multiple senior professionals.
- PAT for the quarter was Rs 26.4 crore, compared to Rs 35.3 crore in the preceding quarter. PAT for the quarter was 13.8% of total income.
- Diluted EPS (non-annualised) reported for the quarter stood at Rs 9.81.

On a year-on-year basis:

- Compared to last year, market conditions have been unfavourable for the company during the quarter under review following the global financial crisis and economic turmoil. Rampdown/slowdown in certain customer accounts and a longer sales cycle resulted in a

Note (i): All references to Mastek's financial results in this release pertain to the company's consolidated operations.

Note (ii): Mastek follows a July 01-to-June 30 financial year.

Note (iii): Rs 1 crore (cr.) = Rs 10 million (mn.).



decline in total income for the quarter under review to Rs 191.4 crore from Rs 261.7 crore in the similar quarter last year.

- EBITDA for the quarter under review was Rs 29.3 crore compared to Rs 46.9 crore last year. The lower EBITDA reflects the impact of BT/NHS project revenue rampdown and ongoing investments in growth initiatives such as the Elixir4™ platform.
- Profit After Tax (PAT) for the quarter under review was Rs 26.4 crore compared to Rs 41.2 crore in the corresponding quarter last year.
- Mastek continues to have a strong balance sheet, with Rs 228 crore in cash & cash equivalents as on 30 September 2009.

Commenting on the results, Mr. Sudhakar Ram, Chairman and Managing Director, Mastek, said: “Our performance for the quarter reflects the earlier indicated ramp-down in the project part of the BT/NHS programme and the challenges resulting from the macroeconomic condition prevailing during the past few quarters. We continue to witness some delays in deal closure and that too has had an impact on our financial performance and order book position.

I am pleased to observe, however, that in the face of a difficult operating environment we have been able to sustain our EBITDA margins at the same level as the preceding quarter. We have also been able to noticeably grow our sales pipeline, in good part due to a reinforced sales organisation and a relatively better business environment. We expect our past efforts and investments aimed at creating a strong opportunity pipeline to start delivering results as demand for IT solutions in our markets and focus verticals recovers.”

Operating performance review

- **Mastek launches ElixirAsia™**: During the quarter under review, Mastek launched ElixirAsia™ for the Indian and Asia-Pacific markets, a platform for life insurance carriers that will enable new carriers ‘go live’ with their businesses in 90 days. An out-of-the-box platform with ready to deploy pre-configured products, interfaces and reports, backed by a proven implementation methodology, ElixirAsia™ is a comprehensive product catering to all aspects of the insurance business lifecycle from proposal to claims while accommodating emerging distribution models.
- **New account addition**: Mastek added 3 new customers during the quarter under review in the face of a difficult business environment. Of these, 2 were in the Insurance vertical while 1 was in the Government vertical.
- **12-month order book at Rs 242 crore**: The 12-month order book for the company was Rs 242 crore as on 30-Sep-09, compared to Rs 300 crore at the end of the sequentially preceding quarter. This mirrors both the BT/NHS ramp down as well as non-finalisation of some engagements that may get included in the order book during the current (Oct-Dec) quarter subject to client sign-off.

Outlook

During the quarter under review, Mastek has been able to expand its opportunity pipeline and remain focused on its growth strategy of leveraging its accumulated experience and strengths in the Insurance and Government verticals. Moreover, as indicated earlier, the ramp down of revenues from the development phase of the NHS program is over. Resultantly, the performance in subsequent quarters will be driven by traction from the new clients and ability to grow existing accounts. For the

October-December 2009 quarter (Q2 FY2010), Mastek estimates its consolidated total income (which is inclusive of other income) to be in the range of Rs 195 to Rs 205 crore. The company expects to maintain its profitability during the quarter with better cost management and ongoing productivity enhancement measures. Profit after tax and minority interest for the quarter is likely to be in the range of Rs 27 to Rs 29 crore.

Note on foreign currency exchange rates: For the Oct-Dec.2009 quarter, the company has assumed a foreign exchange rate of GBP 1 = Rs 75.50 and USD 1 = Rs 47.25. The company uses financial year-to-date (YTD) average rates for translation and consolidation of its foreign currency denominated revenues into rupees. As tabulated below, the average rate applicable for Q1FY2010 was GBP 1= Rs 79.16 and USD 1 = Rs 48.28. The YTD average rate applicable for FY2009 (and Q4FY2009) was GBP 1= Rs 76.31 and USD 1 = Rs 48.12.

Currency	Q1 FY2010 (actual)	Q2 FY2010 (assumed)	Q4 FY2009 (actual)
GBP	INR 79.16	INR 75.50	INR 76.31
USD	INR 48.28	INR 47.25	INR 48.12

About Mastek

Mastek is a publicly held (NSE: MASTEK; BSE: 523704) 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, 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 past results & conference call transcripts, please visit our web site www.mastek.com (and/or the Investors section at <http://www.mastek.com/investors.php>). Updated disclosures regarding corporate governance may also be accessed in the web site's Investors section at: <http://www.mastek.com/corporategovernance.php>.

Investor/analyst contact:

Abhinandan Singh
+91 22 2824-7864
abhinandan.singh@mastek.com

Media contact:

Sanjay Mudnaney
+91 22 2824-7745
sanjay.mudnaney@mastek.com

Shareholders may also contact Mastek via email at Investor_grievances@mastek.com, which has been specifically created for the redressal of investor grievances.

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.