



Mastek Oct-Dec 2009 quarter Total Income at Rs 193 cr

PAT for quarter at Rs 23.5 cr, EPS (non-annualised) at Rs. 8.65

On constant currency basis, total income for quarter at Rs 200 cr (compared to guidance of Rs 195-205 cr)

Performance reflects stabilizing business environment, full absorption of all BT/NHS project development revenue ramp down (in the sequentially preceding quarter) -

– 12-month orderbook expands 22% Q-on-Q –

— 5 new customers added during the quarter —

— Board recommends an interim dividend of Rs 2.00 per share —

Mumbai, India – January 12, 2010: 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 and half-year ended December 31, 2009.

Review of financial performance

On a quarter-on-quarter basis:

- The company has delivered a stable revenue performance during the quarter, with total income up 1% at Rs 193.2 crore compared to Rs 191.4 crore in the preceding quarter. This performance was achieved despite some adverse foreign currency movement during the quarter under review.
- Gradually stabilizing business conditions, with some impact of the economic slowdown still evident in the longer sales cycle, and absorption of the remainder phase of the BT/NHS project ramp down in the sequentially preceding quarter, has enabled the company to maintain its revenue performance across most of its geographies and verticals.
- EBITDA for the quarter stood at Rs 23.2 crore, which is lower than Rs 29.3 crore in the preceding quarter. This was mainly due to investments in future growth initiatives including ongoing development of its Elixir4™ platform and some translation losses caused by adverse forex movement during the quarter under review.
- PAT for the quarter was Rs 23.5 crore, compared to Rs 26.4 crore in the preceding quarter. PAT for the quarter was 12.2% of total income.
- Diluted EPS (non-annualised) reported for the quarter stood at Rs 8.65.

On a year-on-year basis:

- Total income during the quarter under review (Q2FY2010) was Rs 193.2 crore compared to Rs 256.2 crore in the similar quarter last year. The decline in revenue was mainly due

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.).



to noticeably lower revenues from BT/NHS project development, which ramped down fully in the sequentially preceding quarter.

- EBITDA for the quarter under review was Rs 23.2 crore compared to Rs 38.1 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 23.5 crore compared to Rs 31.3 crore in the corresponding quarter last year.

Mastek continues to have a strong balance sheet, with Rs 213 crore in cash & cash equivalents as on 31 December 2009.

On a constant currency basis, total income was up 4.4% on a sequential basis in the quarter under review at Rs 200 crore.

During Q2FY2010, Mastek added 5 new customers and as on 31 December 2009 its 12-month order book was Rs 296 crore which is 22% higher than at end of the sequentially preceding quarter.

Commenting on the results, Mr. Sudhakar Ram, Chairman and Managing Director, Mastek, said: *“Our operating performance for the quarter reflects the gradual improvement in business conditions within our focus markets and verticals. Although we are still witnessing longer than normal sales cycles, we have been able to significantly strengthen our order book position and add multiple new customers including some in Canada where we established operations in 2009. It is also very encouraging to note that now our partnership with Capita in the UK Life and Pensions marketplace is moving into the next phase focusing on customer implementations and migrations.*”

Our operating margins, where we have seen some erosion during the quarter largely due to expansions in our front-end organisational team and increased investments in platform development, should improve as these initiatives start delivering greater returns. Our business model, characterized by a focus on IP and enterprise solutions, and our more than a decade-long track record of successfully delivering complex programmes within time and cost parameters, will be unique and great advantages as demand recovers.”

Review of half-yearly financial performance

The company's operating performance for the half-year under review includes the impact of ramp-down in the company's BT/NHS project development revenues (as announced by the company earlier) that occurred during the past few quarters. This rampdown got over in the sequentially preceding quarter. Resultantly, total income for the half-year ended 31 December 2009 (H1FY2010) was Rs 384.7 crore, lower than Rs 517.8 crore in the corresponding period last year. EBITDA for H1FY2010 stood at Rs 52.5 crore compared to Rs 84.9 crore last year. PAT for the half-year under review was Rs 50 crore compared to Rs 72.5 crore last year. Diluted EPS (non-annualised) reported for the half-year under review is Rs 18.46.

Interim dividend

The Board declared an interim dividend of 40% for the year, amounting to Rs. 2 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 18, 2010.

Operating performance review

- **Update on Capita partnership in UK Life & Pensions market:** Mastek's partnership with Capita in the UK Life and Pensions marketplace is moving into the next phase focusing on customer implementations and migrations. Towards this, Capita will be taking a more active role in overseeing the development and has entered into an arrangement with Mastek to pay for the required development, implementation and support related services with an initial contract value of £25m over the next 24 months.
- **New account addition:** Mastek added 5 new customers during the quarter under review, of which 3 were in the Insurance vertical. The other accounts were added in Canada, where the company had initiated operations during CY2009. The company continues to see business traction for many of its offerings, including ElixirAsia™ where the company recently received confirmation to implement ElixirAsia Individual Life and Group Life Projects for an insurer based in Thailand.
- **12-month order book at Rs 296 crore:** The 12-month order book for the company was Rs 296 crore as on 31-Dec-09, a 22% increase from Rs 242 crore at the end of the sequentially preceding quarter. This noticeable improvement in order book reflects the improvement in deal pipeline and expansions in Mastek's global front-end sales organization witnessed in preceding quarters.

Outlook

During the quarter under review, Mastek was able to capitalize on its opportunity pipeline and add new customers as well as expand its orderbook. The company remains focused on its growth strategy of leveraging its accumulated experience and strengths in the Insurance and Government verticals. Moreover, as indicated earlier in the preceding quarter, 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, subject to how the global macroeconomic environment improves. For the January-March 2010 quarter (Q3 FY2010), Mastek estimates its consolidated total income (which is inclusive of other income) to be in the range of Rs 188 to Rs 195 crore. Profit after tax and minority interest for the quarter is likely to be in the range of Rs 21 to Rs 23 crore.

Note on foreign currency exchange rates: For the Jan-Mar.2010 quarter, the company has assumed a foreign exchange rate of GBP 1 = Rs 73.00 and USD 1 = Rs 45.50. 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 YTD average rate applicable for Q2&H1 FY2010 was GBP 1= Rs 77.59 and USD 1 = Rs 47.47. The assumed rates for the current quarter translate into YTD average rates of GBP1= Rs 76.06 and USD1= Rs 46.82 for Q3&9M FY2010.

Currency	Q2 & H1 FY2010 (actual)	Q3 & 9M FY2010 (assumed)	Q1 FY2010 (actual)
GBP	INR 77.59	INR 76.06	INR 79.16
USD	INR 47.47	INR 46.82	INR 48.28

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. You may also contact the Investor Relations team by email at investor.relations@mastek.com.

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.