



Press Release

Mastek July-Sept 2007* quarter Revenues up 20% year-on-year at Rs 211 cr

Revenues up 38% in dollar terms

PAT for quarter up 22% at Rs 25 cr

Robust quarter-on-quarter revenue growth of 13%

Full year outlook remains strong with encouraging sales and acquisition pipeline

Mumbai, India – Oct. 11, 2007: 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 ended September 30, 2007 today.

Review of quarterly financial performance*

Mastek has reported a robust quarter-on-quarter revenue expansion with total income increasing 13% from Rs 187.1 crore in the preceding quarter to Rs 211.5 crore for the quarter under review, driven by strong contributions from both the European and US operations that now include the recently acquired VectorMastek. On a corresponding quarter basis, the company's total income was higher by 20% compared to the similar quarter last year (after excluding contributions from the erstwhile Deloitte JV). EBITDA for the quarter under review was Rs 29.6 crore, implying an EBITDA margin of 14.5%. PAT increased 22% from the similar period last quarter (excluding Deloitte JV) to Rs 25.1 crore, indicating a net margin of 11.9%.

The company's performance during the quarter under review reflects implementation of annual wage hikes within the company, and was achieved despite a noticeable strengthening of the Indian Rupee against several major currencies including the US dollar and British pound.

Commenting on the results, Mr. Sudhakar Ram, Chairman and Managing Director, Mastek, said: *"We are pleased to note that our new financial year has commenced on a strong note. With an expanded opportunity pipeline resulting from the recent US acquisition in the insurance vertical, and continued focus on the IP-led enterprise applications market, we are confident that a 35% growth in dollar terms in FY2008 is achievable. The long term outlook is even better, given the initiatives we are implementing in both our target verticals.*

We have also made further additions to our Board and leadership team during the quarter in line with anticipated growth, and our share buy-back initiative demonstrates the confidence we have in our company and shows our commitment to maximize long-term shareholder value."

* 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.).



Operating highlights for the quarter under review

- **Growth in existing accounts:** The company witnessed strong progression in its existing client relationships in both the UK and US geographies, during the quarter under review.
- **Expansion of order book:** In addition to delivering healthy revenues and earnings, the company was also able to strengthen its order book during the quarter under review, which expanded 14% from the preceding quarter to Rs 315 crore as on September 30, 2007.
- **Strong traction in UK market:** UK operations contributed Rs 136.6 crore in revenues, implying a 14% growth quarter-on-quarter and amounting to 66.8% of overall consolidated revenues for the quarter.
- **Robust growth in US revenues:** Revenues from the US increased 43% from the similar quarter last year and 16% from the preceding quarter to Rs 53.6 crore.
 - Integration of recently acquired Vector Insurance Services in the US completed.
- **Decline in attrition:** During the quarter under review, the company saw its attrition level decline from the preceding quarter, as it added a net of 268 new “Mastekeepers” (Mastek employees) and increased its employee strength to 3,583 as on 30 September 2007.
- **Mastek board and leadership team further strengthened:** Today, Mastek inducted Mr Raj Mashruwala, a prominent figure in the US information technology industry, into its Board as an independent director. The company also appointed Mr A V Ram Mohan named President and Chief Operating Officer in August 2007.

Share buy-back programme

The company’s Board of Directors, in its meeting today recommended to shareholders the repurchase of up to Rs 650 million of its shares. Purchases will be made from time to time through open market transactions, in accordance with applicable laws, rules and regulatory guidelines. Given its strong balance sheet and consistently healthy cash flow generation, Mastek is well-positioned to comfortably invest in its current business as well as pursue growth through acquisitions. A postal ballot will be organized for shareholders approval for going ahead.

Outlook

For the October-December 2007 quarter, Mastek expects its consolidated total income to reflect improved contributions from all key geographies and be in the range of Rs 215 to Rs 220 crore. Net profit after tax and minority interest is likely to be in the range of Rs 25.5 to Rs 26.5 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) on the back of a strong sales pipeline and additional strategic acquisitions.

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	
	Sept 30,2007	June 30,2007	Sept 30,2006		Apr - Jun 2007	July - Sept 2006
Consolidated Profit & Loss Account (excluding DC-JV)						
(Rs. Lakhs)						
Revenue	20,420	18,064	17,309	72,677	13%	18%
Other income	729	651	323	1,645	12%	125%
Total income	21,149	18,715	17,633	74,322	13%	20%
Expenditure	17,463	15,416	14,431	60,985	13%	21%
Depreciation	719	723	658	2,749	-1%	9%
Interest	20	14	17	86	43%	20%
Losses in equity affiliate		(34)	78	243		
Tax	426	231	392	1,676	84%	9%
PAT before minority interest	2,521	2,365	2,057	8,583	7%	23%
Minority Interest	9					
PAT	2,512	2,365	2,057	8,583	6%	22%
EBIDTA to revenue %	14.5%	14.7%	16.6%	16.1%		

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.