



Mastek Jan-Mar 2011 quarter Total Income at Rs 153 cr

- **7 new customers added during the quarter**
- **12-month order backlog at Rs 279 crore**
- **Sees better traction in focus verticals that should reflect in next year's performance**

Mumbai, India – 15 April 2011: Mastek, an IT solutions player with global operations providing new technology and IP-led enterprise solutions with a focus on the Insurance and Government verticals worldwide, announced its unaudited financial results for the quarter and nine-months ended 31 March 2011 today.

Review of quarterly financial performance

During the quarter under review, Mastek added a significant number of new-name accounts in both the insurance and government verticals. This has enabled the company to report a 12-month order backlog that has declined only marginally from the previous quarter despite the drop on account of Capita. (The company had issued an update on the Capita partnership last month.)

On a quarter-on-quarter basis:

- Mastek has reported a stable performance with some improvements in operating margins as well. Total income was Rs 152.5 crore during the quarter under review compared to Rs 152.3 crore.
- Mastek's operating EBITDA margin was marginally better during the quarter on the back of a 400bps improvement in the preceding quarter, driven chiefly by
 - lower staff costs resulting from a decrease in total headcount
 - better margin management across major projects
- During the quarter under review, the company's post-tax earnings include higher depreciation, as intimated last quarter, on account of its facility at Mahindra City SEZ near Chennai which came into effect July 2010 onwards.
 - After-tax loss stood at Rs 7.1 crore for the quarter, compared to Rs 27.7 crore last quarter. The post-tax earnings for the quarter under review are not strictly comparable to that of the sequentially preceding quarter as in that period the company had taken a non-cash one-time goodwill impairment charge as an exceptional item.
 - In the preceding quarter, the company had reported a forex gain of Rs 3.6 crore, while in the quarter under review that gain was much lower at Rs 0.8 crore. Resultantly, before any exceptional item and taxes, the company reported a loss of Rs 6.9 crore for the quarter under review compared to a loss of Rs 5.5 crore in the preceding quarter.

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.).



During Q3FY2011, Mastek added 7 new customers and as on 31 March 2011 its 12-month order backlog stood at Rs 279 crore, compared to Rs 296 crore as on 31 Dec. 2010. Given that the company has lowered its expected revenues from Capita (by £1.2mn to £1.4mn per quarter) Q4 FY2011 onwards, there has been a noticeable expansion in its order backlog on a quarter-on-quarter basis after adjusting for that revenue impact. The company continues to have a healthy balance sheet and had Rs 141 crore in cash & equivalents (including liquid investments) as on 31 March 2011.

Commenting on the results, Mr. Sudhakar Ram, Chairman and Group CEO, Mastek, said: “Our revenue and earnings performance for the quarter have been stable. We have been able to make significant additions to our client portfolio in both the insurance and government verticals. Our focus remains on sustaining the momentum we have achieved in order-booking and starting the new financial year with a strong order backlog position.”

Operating highlights

- **Update on partnership with Capita in Insurance vertical:** As mentioned in the update issued by the company in March 2011 with regard to its partnership with Capita in the UK Life and Pensions Market and its focus on creating a state of the art Elixir4 platform suitable for implementation for Capita's clients, the company expects its revenues to be lower than expected Q4 FY2011 onwards. The first go-live for a Capita client was achieved last year and since then Mastek had been working on migrating policies of other Capita clients on to Elixir4. However, as a result of Capita reviewing this strategy with its client base, this activity has been paused for the time being. Accordingly, Mastek's involvement in this area has reduced and this development is expected to reduce revenues from Capita CLPS April-June 2011 quarter onwards. The revenue impact is expected to be in the region of £.1.2mn to £1.4mn per quarter. However, the company does expect to make up this shortfall through business growth within the next two quarters.
- **New account addition:** The company added 7 new client accounts during the period under review, totalling to 11 new customers during 9M FY2011. These new client additions have been across all key verticals including Insurance and Government.
- **12m order backlog at Rs 279 cr:** Mastek's 12-month order backlog was Rs 279 crore as on 31 March 2011, compared to Rs 296 crore at the end of the sequentially preceding quarter. The decline in order backlog is low, given that the revenue impact from the Capita partnership has been factored into the current order backlog. New client additions and expansion in some existing relationships enabled the company to offset the revenue impact from Capita CLPS to a large extent. The company remains committed to further increasing its order backlog, the benefits of which should start reflecting in the next financial year.
- **People:** The company had a total of 2,955 as on 31 March 2011, compared to 3,118 employees as on 31 December 2010. Of these, about 25% were based on-site while the rest were at various offshore locations.

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 North America, Europe, and Asia Pacific regions. Incorporated in 1982, Mastek has been at the forefront of technology and has made significant investments in creating intellectual property, 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.html>). Updated disclosures regarding corporate governance may also be accessed in the web site's Investors section at: <http://www.mastek.com/investors/corporate-governance.html>.

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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.

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