

Mastek Q3 FY15 Total Income at Rs. 273.1 crore

- Total Income up by 8.5% QnQ
- EBITDA Margins up 120 bps QnQ
- Declares Interim Dividend of 30%

Mumbai, India – 22nd January 2015: 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 financial results for the third quarter ended 31st December, 2014 today.

Review of financial performance for the quarter ended 31st December, 2014

On quarter-on-quarter basis:

- The operating revenue was Rs 268.7 crore during the quarter under review as compared to Rs 246.9 crore during the previous quarter reflecting an increase of 8.8% in rupee terms and an increase of 9.8% in constant currency terms.
- Total income was Rs 273.1 crore during the quarter under review as compared to Rs 251.7 crore during the previous quarter, up 8.5% on Q-o-Q basis.
- The Company reported an EBITDA of Rs 20.9 crore (7.6% of total income) as compared to Rs 16.1 crore (6.4% of total income) in Q2FY15 up 19.8%.
- EBITDA before exceptional expenses (restructuring costs of Rs. 3.9 crore) was Rs 24.8 crore (9.1% of total income) reflecting a real increase of 70 bps as compared to previous quarter Q2 FY15.
- Net profit stood at Rs 8.7 crore in Q3FY15 as against Rs 1.8 crore in Q2FY15.
- The product research & development spends during the quarter stood at Rs 14.3 crore as compared to Rs 15.4 crore in Q2FY15.

For the Nine Month Period 31st December, 2014:

- The operating revenue was Rs 736.5 crore during the nine month period under review as compared to Rs 699.2 crore during the corresponding period of previous year reflecting a growth of 5.3% in rupee terms and an increase of 1.2% in constant currency terms.
- Total income was Rs 752.4 crore during the nine month period under review as compared to Rs 704.7 crore during the corresponding period of previous year, an increase of 6.8% in rupee terms.
- The company reported an EBITDA of Rs 46.3 crore (6.1 % of total income) for the nine month period under review as compared to an EBITDA of Rs 83.2 crore (11.8% of total income) during the corresponding period of previous year.
- Net profit stood at Rs 11.3 crore as against a profit of Rs 40.5 crore in corresponding period of previous year.
- The product development spends was Rs 46.5 crore during the nine month period under review as compared to Rs 41.6 crore in the same period last year.

Operating highlights

- **New accounts billed during the quarter:** The Company added 4 new clients during Q3FY15. Total client count as of 31st December, 2014 was 138 (LTM).
- **12m order backlog:** The 12-month order backlog was Rs 490.9 crore (\$ 77.9mn) as on 31st December, 2014 and in constant currency stood at Rs 489.9 crore (\$ 79.3mn) as compared to Rs 518.4 crore (\$ 84.0mn) at the end of Q2FY15, reflecting a decrease of 5.4% QoQ in rupee terms (decrease of 5.6% QoQ in constant currency).
- **Dividend:** The Board of Directors have declared an interim dividend @ 30% (Rs. 1.50 per share) at the meeting held on January 22nd 2015.
- **Acquisition Update:** During the current quarter, Majesco US (MUS) has signed a definitive agreement dated December 12, 2014 with Agile Technologies, LLC ('Agile') ('the seller') to acquire its insurance industry focused IT consulting business. MUS has completed the acquisition of the Insurance Consulting Business of Agile Technologies as on Jan 1st 2015. The purchase consideration comprises the fixed amount and a contingent amount payable over next 3 years from the closure date. MUS has also signed a definitive merger agreement dated December 14, 2014 with Cover-All Technologies Inc., USA, an insurance software company listed on the New York Stock Exchange, in a 100% stock-for-stock transaction, pursuant to which Cover-All's stockholders and the holders of its options and restricted stock units, in the aggregate, will, upon the closing of the merger, receive 16.5% of the outstanding shares of common stock of the combined company, on a fully diluted basis. The management of MUS plans to list the combined company on the New York Stock Exchange subject to regulatory and shareholder approvals.
- **Employees:** As on 31st December, 2014, the company had a total of 3,352 employees, of which 2,526 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30th September, 2014 was 3,425.
- **Billable utilization:** The Company's billable utilization stood at 86.2% during the quarter under review as compared to 87.0% in Q2FY15.
- **Management Update:** Key additions to the senior leadership team within Majesco Insurance Group include

- Ed Ossie, former President of Innovation Group PLC and an M&A Director at Corum Group, has joined Majesco as Chief Operating Officer. In this role he will be responsible for key growth and operational initiatives besides corporate development and strategy.
- Chad Hersh, best known as a leading insurance industry researcher and analyst having served as a managing director within the insurance research practice at Novarica and a senior analyst at Celent, has joined Majesco as Executive Vice President. In this role, he will lead the life & annuity and group & worksite benefits businesses.
- Bill Freitag, founder and CEO of Agile Technologies, has joined Majesco as Executive Vice President responsible for growing the consulting business.
- **Cash & Cash Equivalent:** The total cash & cash equivalent stands at Rs 173.8 crore as on 31st December, 2014 as compared to Rs 173.5 crore at the end of 30th September, 2014.

Commenting on the results, Mr. Sudhakar Ram, Group CEO & Managing Director, Mastek, said: "It has been a milestone quarter for Mastek with a good operating performance and announcements of back to back acquisitions in the insurance business. I am extremely excited with the unfolding of the insurance strategy and making Majesco a global insurance company enabling transformation of Insurers businesses by providing technology solutions encompassing software, consulting and service. While the demerger of the insurance business in India and the merger of Cover All Technologies in the US is expected to be completed within the next six months, we plan to take necessary steps to build a strong growth strategy in the Mastek Solutions Group

too."

Mr. Farid Kazani, Group CFO and Finance Director, Mastek, said: "The quarter reflected strong revenue growth which translated to an EBITDA improvement of 120 basis points. Both geographies, the UK and North America had encouraging performance. The focus would be to end the year with a stronger base of revenue and even a stronger order booking."

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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