



Mastek Q2FY15 Total Income at Rs. 251.7 crore

- Total Income up by 10.6% QnQ
- EBITDA Margins up 230 bps QnQ

Mumbai, India – 22nd October 2014: 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 second quarter ended 30th September, 2014 today.

Review of financial performance for the quarter ended 30th September, 2014

On quarter-on-quarter basis:

- The operating revenue was Rs 246.9 crore during the quarter under review as compared to Rs 220.9 crore during the previous quarter reflecting an increase of 11.8 % in rupee terms and an increase of 10.7% in constant currency terms.
- Total income was Rs 251.7 crore during the quarter under review as compared to Rs 227.6 crore during the previous quarter, up 10.6% on Q-o-Q basis.
- The Company reported an EBITDA of Rs 16.1 crore (6.4% of total income) as compared to Rs 9.3 crore (4.1% of total income) in Q1FY15.
- EBITDA before exceptional expenses (restructuring costs of Rs. 5.2 crore) was Rs 21.3 crore (8.4% of total income) reflecting a real increase of 430 bps as compared to previous quarter Q1 FY15.
- Net profit stood at Rs 1.8 crore in Q2FY15 as against Rs 0.9 crore in Q1FY15.
- The product research & development spends during the quarter stood at Rs 15.4 crore as compared to Rs 16.7 crore in Q1FY15.

For the half year ended 30th September, 2014:

- The operating revenue was Rs 467.8 crore during the half year under review as compared to Rs 459.0 crore during the corresponding period of previous year reflecting a growth of 1.9% in rupee terms and a drop of 3.0% in constant currency terms.

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

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



- Total income was Rs 479.3 crore during the half year under review as compared to Rs 462.4 crore during the corresponding period of previous year, an increase of 3.7% in rupee terms.
- The company reported an EBITDA of Rs 25.4 crore (5.3 % of total income) compared to an EBITDA of Rs 47.5 crore (10.3% of total income) compared to the same period last year.
- Net profit stood at Rs 2.6 crore as against a profit of Rs 22.1 crore in corresponding period of previous year.
- The product development spends was Rs 32.2 crore during the half year as compared to Rs 26.0 crore in the same period last year.

Operating highlights

- **New accounts billed during the quarter:** The Company added 4 new clients during Q2FY15. Total client count as of 30th September, 2014 was 137 (LTM).
- **12m order backlog:** The 12-month order backlog was Rs 518.4 crore (\$ 84.0 mn) as on 30th September, 2014 and in constant currency stood at Rs 519.6 crore (\$ 86.4 mn) as compared to Rs 549.8 crore (\$ 91.4mn) at the end of Q1FY15, reflecting a decrease of 5.6% QoQ in rupee terms (decrease of 5.5% QoQ in constant currency).
- **Demerger of Insurance Product Business:** Pursuant to the Scheme of Arrangement (the "Scheme") under Section 391 to 394 of the Companies Act 1956, the Board of Directors of Mastek Limited (the "Company" or "Mastek"), in its meeting held on September 15 2014, approved the demerger of the Insurance Products and Services business of the Company, into a new company, Minefields Computers Private Limited, to be renamed as Majesco Limited ("Majesco"), to be followed by transfer of the offshore insurance operations business in India by Majesco to Majesco Software and Solutions India Private Limited (a wholly owned subsidiary of MajescoMastek Insurance Software and Solutions Inc., USA). The Appointed date of the Scheme will be April 1, 2014 or any other date as decided by the Board of Directors and the appointed date for the offshore insurance operations business transfer will be November 1, 2014 or any other date as decided by the Board of Directors. On approval of the Scheme by the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat, Mastek shareholders will get one equity share of Majesco for every share held in Mastek, over and above their existing Mastek shares. Majesco is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed. Under the proposed restructuring, Mastek will continue with the Solutions business
- **Employees:** As on 30th September, 2014, the company had a total of 3425 employees, of which 2587 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30th June, 2014 was 3,223.
- **Billable utilization:** The Company's billable utilization stood at 87.0% during the quarter under review as compared to 85.4% in Q1FY15.
- **Cash & Cash Equivalent:** The total cash/cash equivalent stands at Rs 173.5 crore as on 30th September, 2014 as compared to Rs 169.6 crore at the end of 30th June, 2014.

Commenting on the results, Mr. Sudhakar Ram, Group CEO & Managing Director, Mastek, said: "There has been an all round improvement in business performance during the second quarter. Although the first half was affected by the first quarter performance, the second half is expected to be better as the business momentum remains intact in the UK and North America. With the announcement of the demerger of the Insurance business into the Majesco group, the company is working to build an aggressive growth strategy to capitalise on the opportunities in the Insurance and Solutions segment."

Mr. Farid Kazani, Group CFO and Finance Director, Mastek, said: "The financial performance has been quite encouraging. EBITDA improved by 230 bps despite exceptional expenses of Rs. 5.2 crore incurred during the quarter towards restructuring expenses. The focus in the second half will be to close the year with a stronger base of revenue, strong order booking and improved cashflow."

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.

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.