

For Immediate Release



Mastek Q2FY12 Total Income at Rs 176 crore

- **12-month order backlog at Rs 369 crore**
- **4 new customers added during the quarter**

Mumbai, India – 19 January 2012: 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 second quarter and half year ended 31st December, 2011 today.

Review of financial performance for the quarter ended Dec 2011

On a quarter-on-quarter basis:

- The operating revenue was Rs 172.9 crore during the quarter under review as compared to Rs 155.3 crore during the sequential previous quarter reflecting an increase of 11.3% in rupee terms. In constant currency terms, the revenue growth has been 2.6%. Total income was Rs 175.6 crore during the quarter under review as compared to Rs 158.2 crore during the sequential previous quarter.
- Improved revenue performance and rupee depreciation helped the company to post positive EBITDA of Rs 5.6 crore compared to an EBITDA loss of Rs 11.7 crore in Q1FY12.
- Aided by an improved operating performance the company posted a marginal net loss of Rs 1.5 crore in Q2FY12 as compared to Rs. 27.3 crore in Q1 FY 12.
- The product development spends during the quarter was Rs 11.5 crore as compared to Rs. 10.8 crore in Q1 FY12

For the half year ended December 31, 2011:

- The operating revenue was Rs 328.5 crore as compared to Rs 298.7 crore in the corresponding period of the previous year reflecting an increase of 10% in rupee terms. Total income was Rs 333.8 crore for the six month period ended December 2011 as compared to Rs 303.7 crore in the corresponding period of the previous year.
- The Company posted an EBITDA loss of Rs 6.07 crore as compared to an EBITDA loss of Rs 9.20 crore in the corresponding period of the previous year
- At a net level, the losses for the period under consideration was Rs 28.8 crore as compared to loss of Rs 41.1 crore in the corresponding period of the previous year

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.).





Effective October 1, 2011, the Company has adopted hedge accounting as per the Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by ICAI. In respect of forward contracts, the gain or loss is recorded and reported directly in Reserve (under the Hedging Reserve Account) and is reclassified into the profit and loss account upon the occurrence of hedged transactions. As on December 31, 2011 the amount reflected in the hedging reserve account is Rs. 14.6 crore.

The company continues to have a healthy balance sheet and with Rs 113.7 crore in cash & equivalents (including liquid investments) as on 31st December 2011.

Operating highlights

- **New account addition:** The Company added 4 new client accounts during the second quarter FY 2012, in addition to the 4 client wins in Q1 FY 12, taking the total number of clients to 93..
- **12m order backlog at Rs 369 crore:** Mastek's 12-month order backlog was Rs 369 crore as on 31st December 2011, as compared to Rs 326 crore at the end of the previous quarter ended 30th September 2011, reflecting an increase of 13.2% in rupee terms. The improved traction in the demand environment since the past few quarters has reflected both on our revenue performance and order backlog. The strong order back log reiterates our belief of an improved performance for the remaining of the year.
- **Update on board :** Mr. S.Sandilya has been appointed as an Additional Director on the Board until the next AGM when his appointment as a non-executive Director will be placed for approval by the members of the Company. Mr. Sandilya is presently Chairman, Eicher Group and also serves as the Chairman of Parry Sugar Industries. He is also a Director on the board of Tube Investments Ltd and Rane Brake Lining Limited. He is a Commerce Graduate from Chennai University and an MBA from the Indian Institute of Management, Ahmedabad.
- **Accolades:** Celent has recognized 'Elixir North America' as one of the best software packages for Policy Administration among 18 other competing players in North America. Celent recognized Elixir North America for its product design and development and the system's ability to bring new products to market quickly.
- **People:** As on 31st December 2011, the company had a total of 2926 employees of which about 2148 employees were based offshore in India while the rest were at various onsite locations outside India.

Commenting on the results, Mr.Sudhakar Ram, Chairman and Group CEO, Mastek, said: "We have had a good quarter on the back of definitive traction that we have been experiencing as far as the deal flow is concerned since the last quarter. This combined with our operational efficiency measures has enabled the Company to post a positive operating margin reflecting the steps that we have been taking to stem the slide of the last 12 months. We are hopeful that the positive momentum built on both the revenue and the margins will continue going forward and the Company will revert to profitable growth again."

However, we continue to be cautious of the global environment and particularly the UK market which is one of our focus geographies. While we are seeing a pipeline of opportunities, any further deepening of the current European crisis could have an impact on the performance of the Company.

**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.