



## **Mastek Q3FY14 Total Income at Rs. 242 crore**

- **QnQ PAT up 22% to Rs. 18.3 crore**
- **QnQ EBITDA margin improves by 265 bps to 14.8%**

Mumbai, India – 23<sup>rd</sup> January 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 third quarter and nine months ended 31<sup>st</sup> December, 2013 today.

### **Review of financial performance for the quarter ended 31<sup>st</sup> December, 2013**

On a quarter-on-quarter basis:

- The operating revenue was Rs 240.2 crore during the quarter under review as compared to Rs 236.7 crore during the sequential previous quarter reflecting an increase of 1.5% in rupee terms and 0.7% in constant currency terms.
- Total income was Rs 242.4 crore during the quarter under review as compared to Rs 238.5 crore during the sequential previous quarter, up 1.6% on QoQ basis.
- The Company reported EBITDA of Rs 35.8 crore (14.8% of total income) compared to Rs 28.9 crore (12.1% of total income) in Q2FY14.
- Net profit stood at Rs 18.3 crore in Q3FY14 as against Rs 15.1 crore in Q2FY14, up 21.9% sequentially.
- The product research & development spends during the quarter was Rs 15.6 crore as compared to Rs 14.4 crore in Q2FY14.

### **For the 9m ended 31<sup>st</sup> December, 2013:**

- The operating revenue was Rs 699.2 crore during the quarter under review as compared to 667.5 crore during the corresponding period of previous year reflecting an increase of 4.7% in rupee terms and down 3.0% in constant currency terms.
- Total income was Rs 704.7 crore for 9m FY14 ended 31<sup>st</sup> December 2013 as compared to Rs 682.1 crore in the corresponding period of the previous year.

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

- The Company posted the EBITDA of Rs 83.3 crore (11.8% of total income) as compared to an EBITDA of Rs 71.0 crore (10.4% of total income) in the corresponding period of the previous year.
- Net profit stood at Rs 40.5 crore as against a profit of Rs 36.3 crore in 9m ended FY13.
- The product research & development spends during the period under review was Rs 41.6 crore as compared to Rs 30.0 crore in the same period last year.

### Operating highlights

- **New accounts billed during the quarter:** The Company added 2 new clients during Q3FY14. Total client count as of 31<sup>st</sup> December 2013 was 123 (LTM).
- **12m order backlog:** Mastek's 12-month order backlog was Rs 513 crore (\$ 83.0mn) as on 31<sup>st</sup> December 2013 and in constant currency stood at Rs 515 crore (\$82.5 mn) as compared to Rs 558 crore (\$89.1mn) at the end of Q2FY14, reflecting a drop of 8.0% QoQ in rupee terms (drop of 7.5% QoQ in constant currency)
- **Share Buyback:** The Board of Directors in their meeting dated January 8, 2014 has decided on Buy-Back of Company's equity shares of Rs.5/- each from open market through stock exchange mechanism, at a price not exceeding Rs.250/- per equity share payable in cash for an aggregate amount not exceeding Rs.5,450 lakhs for buyback of maximum of 32,00,000 equity shares and minimum of 9,50,000 equity shares. The offer size represents 14.92% of the aggregate of the Company's paid up equity capital and free reserves as on March 31, 2013. The buyback will be implemented with the approval of the shareholders of the Company by way of a special resolution through postal ballot and all other applicable statutory approvals.
- **Employees:** As on 31<sup>st</sup> December 2013, the company had a total of 3,128 employees, of which 2,370 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30<sup>th</sup> September 2013 was 3,185.
- **Billable utilization:** The Company's billable utilization stood at 81.2% during the quarter under review as compared to 81.5% in Q2FY14.
- **Cash & Cash Equivalent:** The total cash/cash equivalent stands at Rs 249.4 crore on 31<sup>st</sup> December, 2013 as compared to Rs 250.7 crore at the end of 30<sup>th</sup> September, 2013.
- **Update on Business:** Further to the update dated November 15, 2013, due to the reprioritizing of the multi-vendor transformation program by a major North American customer, resulting in a slowdown in the program implementation, there will be impact on the revenues of Mastek. The drop in revenues would be approximately \$2.4 million per quarter (based on December quarter revenues) until the program regains momentum. However, the Company continues to see good momentum in its insurance business in North America and is confident of bridging this gap in revenue over the next few quarters.

**Commenting on the results, Mr. Sudhakar Ram, Group CEO & Managing Director, Mastek, said:** "We had a steady quarter with a marginal increase in the top line despite the continued ramp down in our IT services accounts. The shift in focus to high end products and solutions has helped us improve our operating margins. While there may be a short term impact due to the NA account ramp-down, I am confident that we will be able to grow both our revenues and margins over the next few quarters".

**Mr. Farid Kazani, Group CFO and Finance Director, Mastek, said:** "The highlight of the quarter has been the resilience in margins despite increased employee and product expenses. And, the cash flows remain healthy allowing us to reward the shareholders with the proposed buyback"

#### **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](http://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>.

#### **Investor / Analyst contact:**

Diwakar Pingle  
Christensen IR  
+91-22-4215-0210  
[dpingle@christensenir.com](mailto:dpingle@christensenir.com)

#### **Media Contact**

Sanjay Mudnaney  
Mastek Ltd  
+91-22-2824-7827  
[sanjay.mudnaney@mastek.com](mailto:sanjay.mudnaney@mastek.com)

Shareholders may also contact Mastek via email at [Investor\\_grievances@mastek.com](mailto: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](mailto: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](http://www.mastek.com). Mastek Ltd. undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof.*