



Mastek Q2FY14 Total Income at Rs. 239 crore;

- **PAT up 113% to Rs. 15.1 crore**
- **EBITDA margin improves by 393 bps to 12.1%**
- **Declares Interim Dividend of 35%**

New York, USA – 24th October 2013: 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 quarter and half year ended 30th September, 2013 today.

Review of financial performance for the quarter ended 30th September, 2013

On a quarter-on-quarter basis:

- The operating revenue was Rs 236.7 crore during the quarter under review as compared to Rs 222.3 crore during the sequential previous quarter reflecting an increase of 6.5% in rupee terms and down 0.8% in constant currency terms.
- Total income was Rs 238.5 crore during the quarter under review as compared to Rs 227.3 crore during the sequential previous quarter, up 4.9% on QoQ basis.
- The Company reported EBITDA of Rs 28.9 crore (12.1% of total income) compared to Rs 18.6 crore (8.2% of total income) in Q1FY14.
- Net profit stood at Rs 15.1 crore in Q2FY14 as against Rs 7.1 crore in Q1FY14, up 112.7% sequentially.
- The product research & development spends during the quarter was Rs 14.4 crore as compared to Rs 11.6 crore in Q1FY14.

For the half year ended 30th September, 2013:

- The operating revenue was Rs 459.0 crore during the quarter under review as compared to Rs 439.5 crore during the corresponding period of previous year reflecting an increase of 4.4% in rupee terms and down 2.5% in constant currency terms.
- Total income was Rs 462.4 crore for the six month period ended September 2013 as compared to Rs 449.1 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 has changed its fiscal year end to 31st March effective FY2012-13.

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



- The Company posted the EBITDA of Rs 47.5 crore (10.3% of total income) as compared to an EBITDA of Rs 49.4 crore (11.0% of total income) in the corresponding period of the previous year.
- Net profit stood at Rs 22.1 crore in H1FY14 as against a profit of Rs 28.7 crore in H1FY13.
- The product research & development spends during the H1FY14 was Rs 26.0 crore as compared to Rs 20.4 crore in H1FY13.

Operating highlights

- **New accounts billed during the quarter:** The Company added 4 new clients during Q2FY14. Total client count as on 30th September, 2013 was 121 (LTM). The Company was also successful in winning its first deal on the G-Cloud in the UK with NHS Health and Social Care Information Centre (HSCIC) to develop a new corporate and internal identity & access management service as part of the NHS spine re-procurement program. The project will be an agile development contract covering credential identity management, authentication, credential issuance, and access management for users and messaging endpoints. Mastek's service will provide a consistent framework for managing user identities across different environments to support the identity and compliance needs of the organisation. The replacement service will greatly enhance the user experience and take advantage of new technologies which deliver improved service stability and usability
- **12m order backlog:** Mastek's 12-month order backlog was Rs 558 crore (\$ 89.1mn) as on 30th September 2013 and in constant currency stood at Rs 518.3 crore (\$87.4 mn) as compared to Rs 560 crore (\$ 94.5mn) at the end of Q1FY14, reflecting a drop of 0.4% QoQ in rupee terms (drop of 7.4% QoQ in constant currency)

- **Update on Board:** The Mastek Ltd Board has inducted Dr. Arun Maheshwari as an Additional Independent Director. Dr. Maheshwari holds Master's degree in Computer Science from Stanford University, an MBA from Columbia University and a Ph.D. from Wharton School of Business and has studied at IIM, Calcutta.

Dr. Maheshwari served Tata Consultancy Services (TCS), as a senior executive responsible for marketing, software development, and management consulting for three years after which he joined McKinsey, in New York, USA in 1977. At McKinsey, he specialized in Strategy and Information Technology studies, many of them in the Insurance industry. Dr. Maheshwari also worked for Continental Insurance (now CNA), as a Senior Information Technology Executive. During his career at Continental, he made a transition from IT to Finance and was responsible for all accounting and back office functions.

In 1996, Dr. Maheshwari started CSC India which grew rapidly and received many awards, including Best Employer Award in India. He is currently associated with FirstMark private equity group. He has served as a Board member for Duck Creek Technologies (recently sold to Accenture) and is currently a Board member of Eagle Eye Analytics. He is also a director of Fortegra; a NYSE listed insurance product and Services Company.

- **Employees:** As on 30th September 2013, the company had a total of 3185 employees, of which 2423 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30th June 2013 was 3,271.

- **Billable utilization:** The Company's billable utilization stood at 81.5% during the quarter under review as compared to 80.0% in Q1FY14.
- **Interim Dividend:** The Company has declared interim dividend of 35% i.e Rs 1.75 per share.
- **Cash & Cash Equivalent:** The Company has seen substantial improvement in its cash position with total cash/cash equivalent increasing to Rs 250.7 crore as on 30th September, 2013 as compared to Rs 281.4 crore at the end of 30th June, 2013.

Commenting on the results, Mr. Sudhakar Ram, Group CEO & Managing Director, Mastek, said: "Our strategy has been to grow the high end, high margin solutions and product businesses and not focus too much on commodity services. While the high end businesses grew this quarter, our services business dropped faster than we anticipated, impacting our overall growth. However, our margins improved with the change in revenue mix. Our insurance business continues to grow and now constitutes almost half our business. The win in HSCIC in the UK is a strategic break - winning business directly with the UK Government, rather than through partners. Overall, I see us headed in the right direction and I am confident that the company is well poised to become a significant solution and product player in its chosen verticals."

Mr. Farid Kazani, Group CFO and Finance Director, Mastek, said: "We have been able to maintain a steady improvement in our margins over the last few quarters inspite of higher R&D expenditure in this quarter. With the expectation of an improvement in the overall revenue going forward, we do expect expansion in margins and a healthy build up of cashflows"

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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