



For Immediate Release

**Mastek FY2007* PAT up 50% at Rs 85.8 cr
Revenues at Rs 743 cr, up 28% in dollar terms**

**April-June 2007 quarter* revenues up 12% at Rs. 187 cr
Net profit up 28% at Rs 23.6 cr, US operations register 35% growth**

Board recommends final dividend of 90%

Strong FY2008 outlook, driven by:

- **Addition of 12 accounts during FY07**
- **Robust pipeline in both Government and Insurance verticals**
- **Value accretion from recently acquired Vector Insurance Services in USA**
- **Strengthened leadership team**

Mumbai, India – July 19, 2007: Mastek, a high-end IT solutions player with global operations providing new technology and IP-led enterprise solutions to insurance, government, and financial services organizations worldwide, announced its audited financial results for the quarter and financial year ended June 30, 2007 today.

Review of quarterly financial performance**

Total income for the quarter under review was Rs 187.1 crore, with strong contributions from both the European and US operations. EBITDA for the quarter under review was Rs 32.9 crore, and Net Profit stood at Rs 23.6 crore. This performance was achieved despite a noticeable strengthening of the Indian Rupee against several major currencies including the US dollar and British pound during the quarter under review. ***The quarter under review was the first full quarter of operations after the Deloitte joint venture was discontinued on 09 March 2007. The company's financial performance for the quarter under review is therefore not strictly comparable to either the corresponding period last year or the sequentially preceding period, as the previous quarters included the erstwhile Deloitte JV's contributions.***

4 new accounts added during the April-June 2007 quarter

Elixir, Mastek's enterprise platform for the Insurance industry, continued to gain traction during the quarter with 4 new accounts added during the period. The commencement of billing to these new accounts is expected in the current quarter and get reflected in performance going forward.

* Compared to the corresponding period last year (without considering DC JV contribution last year).

** (i) All references to Mastek's financial results in this release pertain to the company's consolidated operations, which includes all subsidiaries of Mastek as well as the erstwhile DC JV (till 09-March-2007), Carretek (till 31-Dec-2007), and BPO operations, unless otherwise mentioned. This provides a fair and complete view of the company's operations, as Mastek operates through a subsidiary model.

(ii) The April-June 2007 quarter was the company's first full quarter of operation without the erstwhile Deloitte JV, which had contributed fully to consolidated operations during FY2006. The company's performance in the quarter and year under review are therefore not strictly comparable to the corresponding period last year or sequentially preceding quarter.

Note: Mastek follows a July-June financial year; Rs 1 crore (cr.) = Rs 10 million (mn.).



Review of annual performance**

For the full year ended 30 June 2007, the company's performance reflects contributions from the erstwhile DC JV only till 09 March 2007. Despite no contribution from the DC JV during Q4FY2007, the company delivered revenues of Rs 812.7 crore for the fiscal compared to Rs 701.1 crore last year. The company reported a Net Profit of Rs 90.4 crore for the year, translating into an EPS of Rs 31.8.

Review of financial performance without the DC JV

Quarterly performance: After excluding contributions from the erstwhile Deloitte JV, the company has reported an increase of 12% in total income over the corresponding quarter last year. Total income for the quarter under review was Rs. 187.1 crore compared to Rs 167.5 crore last year (excluding DC JV contribution). The revenue performance during the quarter was in line with expectations, in view of the adverse forex condition and execution delay in one project due to a shift in client priorities (as mentioned during the preceding quarter). EBITDA for the quarter was Rs 32.98 crore, implying an EBITDA margin of 16.4%. PAT for the quarter under review was Rs. 23.6 crore, 28% higher compared to the earnings in the corresponding quarter last year and 13% higher than the preceding quarter in the current year.

Annual performance: Without considering the contribution of the erstwhile Deloitte Consulting joint venture in the preceding financial year, revenues during the financial year ended June 30, 2007 were 26% higher at Rs 743.2 crore from Rs 591.8 crore last year. This performance was achieved despite a noticeable strengthening of the Indian Rupee against several major currencies including the US dollar and British pound during the last quarter of the year under review. The improvement in revenues and earnings during the year was driven by noticeably higher contribution from the US operations that posted a 25% growth over last year. The European operations delivered a growth of 28% over last year.

EBITDA for the year increased 36% to Rs 133.4 crore, implying an EBITDA margin of 16.2%. Net profit after tax was Rs 85.8 crore, implying a 50% rise over the net earnings of Rs 57.4 crore during the previous year (not taking into consideration contributions from the erstwhile DC JV).

Dividend

The audited results were taken on record at the Board Meeting held on July 19, 2007. At the meeting, the Board also recommended a final dividend of 90%. Including the interim dividend of 60% announced after the second quarter of the year under review, the total dividend for the year amounts to Rs 7.5 per share.

Commenting on the results, Mr. Sudhakar Ram, Chairman and Managing Director, Mastek, said: *"We are pleased to report an encouraging performance for the quarter, with our past efforts at creating a robust opportunity pipeline beginning to deliver results. We continue to be driven by our focus on the IP-led enterprise applications market, and the recent acquisition in the US insurance vertical is in line with that strategy.*

We have strengthened our team and are in the process of implementing additional initiatives that will support growth over the longer term. The activity levels within the company remain high and the progress of our business initiatives is on plan. All of this gives us the confidence to target a 35% growth in dollar terms in FY2008. We believe that this level of growth will be sustainable going forward."



Operating performance review

During the quarter under review, Mastek was able to build upon the opportunity pipeline that it has been building, adding new customers and strengthening relationships with existing ones, while exploring growth opportunities in its focus verticals of insurance and government.

The company's US operations continued to deliver a strong performance during the quarter, delivering a 35% growth in revenues at Rs 46.2 crore compared to the same quarter last year, contributing about 26% to overall revenues. On a sequential basis too, the US operations registered growth on the back of a noticeably strong performance during the preceding quarter. Revenue in the Europe operations were at Rs 124.5 crore. The company's domestic operations, although a much smaller component of overall business, too registered healthy growth during the quarter and it continues to witness encouraging traction.

Mastek's Insurance vertical, where the company already has successfully secured multiple deals based on its Elixir platform for insurance solutions, added two more global insurers to its existing account base during the quarter under review. This vertical continues to witness an improvement in the opportunity pipeline, which is expected to be further strengthened following the recent acquisition of Vector Insurance services in the US.

Discussed briefly in the following paragraphs are updates on key markets and other corporate developments.

US operations: The US operations continued to deliver a strong performance, with two of the company's relationships crossing the "\$1 million per month" execution mark. Mastek was also able to secure fresh orders from a large insurance provider and a non-insurance financial services client in the face of stiff competition of large global players. This is reflective of the company's ability to differentiate itself as a player with strong programme management capabilities that is able to meet rigorous quality and timeline benchmarks. The company also received additional assignments from two customers to establish dedicated ODCs in Mumbai and Chennai, contribution from which should get reflected in subsequent quarters. The recent acquisition of Vector Insurance Services, and the resulting strengthening of both client profile and capabilities, is expected to enhance the opportunity pipeline in this market for Mastek.

UK operations: Mastek enjoys a strong presence in this market and is leveraging its status as one of the largest Indian IT players in the UK to strengthen its pipeline in both Government and Insurance verticals. Within the Government vertical, Mastek continued to execute the multi-year National Application Service Provider ('NHS Spine') contract within UK's National Health Service (NHS) project in consortium with BT Global Services (BTGS). Following the launch of its state-of-the-art Service Oriented Architecture (SOA)-based Elixir platform for the insurance industry, Mastek has gained noticeable traction in UK's Insurance market. The company, in partnership with Capita, is currently in the process of implementing Elixir for Zurich Life's protection, pensions, savings and investment products. During the quarter under review, Mastek's UK operations secured some key order extensions from existing customers. The company is also in advanced stages of going to market with a new partner in the UK market.

Asia-Pacific operations: Mastek's Asia Pacific (MAP) operations have shown healthy traction during FY2007, particularly during the past couple of quarters. During the quarter under review, the company added a new insurance client in Malaysia where it will also be implementing an "Islamic" insurance project, which will enable Mastek's Elixir platform to add one more capability to its solutions spectrum. Mastek was also able to add multiple fresh assignments from its existing customers in Malaysia and South Korea. The company also expanded its footprint in this market during the quarter with the



establishment of a marketing office in Bangkok (Thailand). The outlook in this market has noticeably improved and revenues are expected to reflect progressive execution of new orders going forward.

Recognitions: The success of Mastek's strategic focus on providing high-end IT solutions to its global customers was manifested in awards and recognitions during the quarter under review, as summarized below.

- First place in 2007 INNovator Awards: Mastek provided consulting services to the US-based insurance player CUNA Mutual in implementing a specialized claims processing solution that included end-to-end automated workflow, resulting in a 75% decrease in claims process payment backlogs and an increase in automatic payments by 30%. The success of this initiative was recognized last month, when it was ranked first for the 2007 INNovators Award, a special designation intended to advance the spread of business technology acumen in the insurance industry.
- Ranked #11 among Global Outsourcing 100: Mastek ranked 11th amongst the leaders of Global Outsourcing 100 companies by the International Association of Outsourcing Professionals (published in *Fortune* magazine, 30 April). This year the recognition came for Methodologies and Innovation adopted by Mastek during the last one year.
- Named among Top 50 Global Outsourcing Providers: Mastek was ranked in the top 50 global outsourcing providers in prestigious *Black Book of Outsourcing* (published by the Brown-Wilson Group). **Mastek was rated #1 by insurance vertical clients**, in large part for developing end-to-end mission critical solutions.

Update on recent corporate developments

Acquisition of Vector Insurance Services in the US: Earlier this month, Mastek made a key strategic acquisition within its focus Insurance vertical in the US, taking a 90% equity stake in the Indianapolis-based Vector Insurance Services (Vector) through its US subsidiary MajescoMastek. This initiative is in line with the company's intent to make well-considered acquisitions that complement its existing strengths in terms of skill-sets or customer base.

Vector provides policy acquisition, administration, and processing solutions to customers in the North American life insurance industry, and has two of America's largest insurance carriers among its customers.

This acquisition is revenue and earnings accretive to Mastek and, going forward, is expected to noticeably strengthen the opportunity pipeline for the company in the Insurance vertical. This initiative will enable Mastek to offer a more complete solution for insurance carriers including new business, underwriting, and policy administration products by adding "software as a service" (SaaS) capabilities to its existing end-to-end enterprise software solution offerings.

The Vector operation is currently in the process of getting integrated with Mastek's existing operations, which should get implemented by August 2007.

Strengthening of leadership team: Mastek has made some senior level appointments in its management team that include Mr R S Desikan as Group CFO and Finance Director, Mr P. Rajagopal Tampi as Head of Delivery Operations, and Mr Dinesh Maheshwary as Chief Capability Officer. These additions to the organization reflect the company's intent to strengthen its management team on an ongoing basis, in line with its growth plans.



Outlook

FY 2007 has been a year of consolidation for Mastek. The company added new customers, deepened its relationships with existing clients, increased its focus on core operations, and strengthened its technological and human resource capabilities during the year. The recent acquisition of Vector Insurance Services in the US will further augment Mastek's North American operations, especially in the insurance vertical, and enable it gain a strong foothold in that market at an accelerated pace.

For the July-September 2007 quarter, Mastek expects its consolidated revenues to reflect the initial contributions from its recently acquisition and be in the range of Rs 205 to Rs 210 crore. Net profit after tax and minority interest is likely to be in the range of Rs 25 to Rs 26 crore. The outlook for the full year FY2008 is even better, as realization of the opportunity pipeline that the company has created accelerates. Resultantly, revenues and earnings for the full year FY2008 are expected to deliver a 35% growth (in dollar terms) over FY2007 (after excluding contributions from the DC JV).

About Mastek:

Mastek, is a Rs. 810 crore, US \$184 million (FY 2007) publicly held, 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 US, Europe, Japan and Asia Pacific regions. Incorporated in 1982, Mastek has been in the forefront of technology, which along with proven methodologies and processes, increase IT value generation to its customers through onsite and offshore deliveries.

For detailed results, please visit our Web Site <http://www.mastek.com>

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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.