Mastek

ANNUAL REPORT 2011-2012

CELEBRATING 30 YEARS OF ENDURING RELATIONSHIPS

BEING OPEN TO THE FUTURE

"Lots of companies have values but they can be pretty pointless. The fact is that Mastek is an open company, open culture, respect for the individual... and what I do remember is customer intimacy.

Mastek gets into your blood, that's what happens... I still keep an eye on what's happening in Mastek. I still got friends on that table over there and it is truly, truly great company..."

Mike Cast, Former Managing Director, Mastek, U.K.

TIME TO PAUSE, REWIND AND REVIEW

"Optimism is a strategy for making a better future. Because unless you believe that the future can be better, you are unlikely to step up and take responsibility for making it so."

Noam Chomsky, the 'father of modern linguistics'

What better time than our 30th Anniversary to pause, rewind, review?

What better time to step back from what we have built and look at a future we'll be proud and glad that we helped build, a generation from now?

We are at a crucial period in the history of the world – and that's no exaggeration. During the past 30 years, Mastek has been part of the revolution that helped shape a very fast culture and brought individuals, groups, cultures, even nations, onto the digital platform.

On the negative side, it is unfortunately, a platform where individual identities are slowly dissolving, and our only way of connecting with each other is becoming 'keyword' driven... how else can one explain the all-encompassing, ubiquitousness and success of Google, Facebook, Twitter, or any number of bank, insurance, shopping and trading portals?

Amidst all the noise and inputs pouring in from all directions, we stand at a cross-road where we have several choices laid out before us, all of them revolving around relationships, values and emotions that connect us as humans:

In a burgeoning digital and technology -driven world, how do we want to take relationships forward – geographically, politically, culturally, environmentally?

Do we want to be part of a society where each person is just another username with an identity made up of an approximation, an aggregate of the activities he or she gets involved in, over one network or the other?

At Mastek, we can confidently say, "Most certainly not!" As a matter of fact, we are very positive about the choices that lie ahead of us, because 30 years ago, similar choices lay before us, and we believe we chose correctly. Our optimism comes from the fact that 'respect for the individual' and 'building enduring relationships that go beyond business' are values truly encoded in Mastek's DNA itself, as evidenced in the quotes that follow.

THE JOURNEY SO FAR

THE FUTURE OF RELATIONSHIPS.

Mr. Ashank Desai – Founder, Director, Mastek

"...Enduring Relationships... Mastek approaches all interactions and stakeholders with an open, transparent and long term orientation – rather than a short term business transaction alone. This has led to... enduring relationships that go beyond business."

"A FACE IS EMERGING CLEARLY NOW."

Mr. Pravin Patkar – Co-Founder, NGO Prerna

" ...We have been with Mastek and very often... we forget that it is a business house. We very often feel that it is a kind of a social institution in contrast with what we experienced in dealing with the Corporate Social Responsibilities... 30 (years) maybe very early for the company but the face is very clear now, the face is full of compassion, the face is full of sharing, the face is full of a sense of social responsibility. And Mastek's identity again and again reminds us of that kind of inner sense of social responsibility."


&INSPIRED

"I FEEL SPECIAL!"

Mr. Adi Pocha – Owner, Squirkle Productions

"...There are a few things that I think make this company really special... values and respect for the individual... I have to say that with Mastek, they walk the talk on that. I have never felt like a vendor, I have never felt like a supplier. I have always felt respected, I have always felt valued, I have always felt like I am a partner with them..."

THE PAST LEADS TO THE FUTURE.

Mr Jaithirth Rao – An Indian entrepreneur, Former CEO & Chairman, MphasiS, Former Chairman, NASSCOM, held various positions at Citibank

"...The stuff that has been said about how open, transparent and customer-focused the company (Mastek) is today, it was the case 27 years ago when I was a customer. And a very happy customer because you know it is not that we didn't have problems but the frustrations were shared... But it was not some -thing that ever impacted the relationship because it was transparent and it was totally good..."

LEAP 10 YEARS, 30 YEARS AHEAD.

Mr. Harish Mehta – Founder Member, NASSCOM

"...I still remember that one application which Mastek developed for UK Healthcare Department... helped UK society to improve – you did it for the citizens of UK which added a lot of value to UK Government, UK as a country, which again helped globalisation dramatically..."

"... And when we look at the next 30 years – when we look at the next 10 years – we see that there is massive technology conversions happening, opening up huge opportunities and of course, challenges. But it is the pioneering spirit of Mastek which will allow it to reach newer and newer heights..."

THE FUTURE

Dear Shareholders,

"So what does the future hold for Mastek? I dream of a Mastek that is a much stronger institution — responsive, vibrant, joyful, enthusiastic – raring to make a larger difference to its constituents. I see many more discerning clients who are demanding but fair, who can see the value that Mastek can bring to them. I see many more Mastekeers who take pride in what they do and the value they deliver to the clients, who see their work as true expressions of their own individuality and talent. I see many more share-holders who want to participate in the Mastek story, playing for long-term value rather than immediate gains. I see many more suppliers and partners who love being challenged by us and deliver to our needs. I see a Mastek that has a much higher impact on the industry and community – as a role model, as a contributor and as a company that cares."

We have completed 30 years as a company, starting from small beginnings in 1982 as a management and software technology firm – one dedicated to acting as a bridge between business and IT. Today, we have over 3,000 employees, serve a hundred clients, and have delivered hundreds of transformational programs and projects. We cherish the enduring relationships that we have built with Mastekeers, customers, partners and shareholders – past and present – relationships built on trust and mutual respect. Mastek has always aspired to being more than just a business – it has sought to be an admired institution that wins the hearts and minds of every person it touches.

After a period of decreasing revenues and eroding profitability, the last financial year saw a turnaround in the company's fortunes. The operating revenue for the year was Rs 722.9 crore compared to Rs 593.3 crore in the previous year, an increase of 21.9% in rupee terms. The EBITDA margins were Rs 41.1 crore compared to Rs 1.6 crore in the previous year. Most importantly, the company turned profitable with a marginal net profit of Rs 0.5 crore for FY12 against a net loss of Rs 55.9 crore in the previous fiscal.

Apart from revenues and profits, there are other key leading indicators of future growth – client additions, order book and market standing. We added 21 new clients across the globe last year (14 in the previous year). Our 12-month order backlog stood at Rs 485 crore (Rs 306 crore in June 2011). Both these augur well for revenue growth in the coming years. This has largely come about because of sustained product investments that we made in the last two years – despite our margin pressures. The result has been Mastek's IP on insurance being rated as world leading by analyst firms like Novarica and Celent. The insurance segment therefore, has been the prime driver of Mastek's growth and turnaround.

Mastek undertook some key initiatives last year. These include positioning the company with a well-crafted sales strategy leveraging its core competencies, aligning the delivery organization to focus on improving the overall productivity and efficiency levels within projects, centralized monitoring of projects, strong governance on review and performance against budgets, turning around low-margin businesses, cost reduction initiatives, and, lean bench management. All these measures have had a positive effect and we continue to focus on these initiatives as we move forward.

From a vertical perspective, as mentioned earlier, insurance continues to be the catalyst that is driving Mastek's growth. We primarily operate in the property & casualty (P&C) and the life & annuity (L&A) businesses in the US. The company offers the STG Suite for the P&C segment, comprising the point of sale, policy administration, billing, and claims modules. In the past two years, we have made significant investments in both segments, refreshing the technology in P&C while acquiring new technology in the life segment.

Our pre-eminent position in the P&C billing market was validated when we signed a multi-year licence, implementation and maintenance engagement with a Fortune 100 insurance and financial services company. The initial value of the contract is $30 million (around Rs 170 crore). The client is a leading insurance company in the US and we have a multi-year transformation engagement to streamline its internal operations. This major victory establishes the functional breadth and depth of our STG platform and its technical agility and scalability to handle the size and complexity of a Tier 1 carrier. While our billing solution is already a market leader, this win will put it on a different growth trajectory.

The momentum in the government vertical in India continues. We have been successfully delivering many large programs for individual state governments, and are winning new deals. In the UK, we have expanded our footprint in the existing partner relationships and are aiming to build new partners. We have also been able to leverage our strengths in the testing and data warehousing arena by winning large marquee clients during the year. So both India and UK are showing good signs of growth in the future.

There are huge market opportunities in the insurance and government segments. Market players in these geographies have appreciated the fact that Mastek plays for the long term. They have seen us continuing to invest in product development, sales and marketing, and capacity building. These investments have started paying off and will continue to do is in FY 2013 and beyond.

On behalf of the Board of Directors, I would like to express my sincere appreciation to our customers, partners, shareholders, employees and vendors for their support as we continue to build Mastek to be an evergreen institution – a company with a soul.
Mastek Zindabad!

Sudhakar Ram
Chairman and Managing Director

THE BOARD OF DIRECTORS

Mr. Sudhakar Ram

Chairman and Managing Director

Mr. Sundar Radhakrishnan

Executive Director

Mr. Ashank Desai

Non- Executive Director

Mr. Ketan Mehta

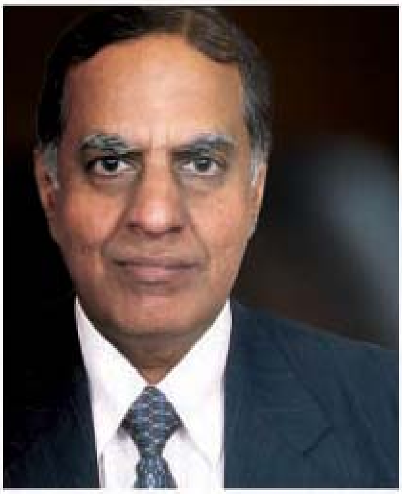
Non- Executive Director

Ms. Priti Rao

Non-Executive Director
(Independent)

Dr. Rajendra Sisodia

Non- Executive Director
(Independent)



Mr. S Sandilya

Non-Executive Director
(Independent)

Mr. Venkatesh Chakravarty

Non- Executive Director
(Independent)

BANKERS

ICICI Bank
Standard Chartered Bank

COMPANY SECRETARY
Bhagwant Bhargawe

AUDITORS

Price Waterhouse

REGISTERED OFFICE

804/805, President House, Opp. C. N. Vidyalaya,
Near Ambawadi Circle, Ahmedabad 380 006, India

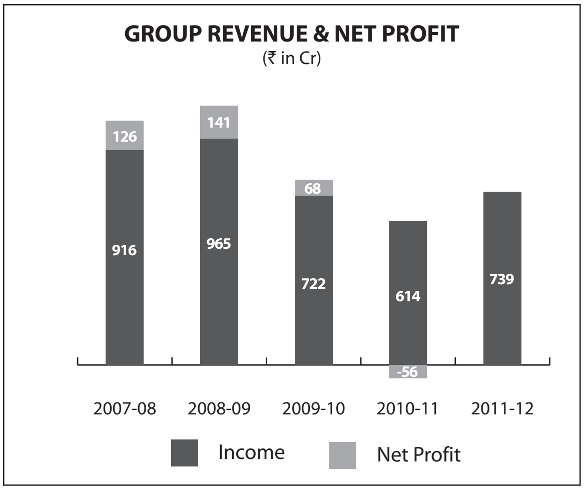
REGISTRAR AND SHARE TRANSFER AGENT

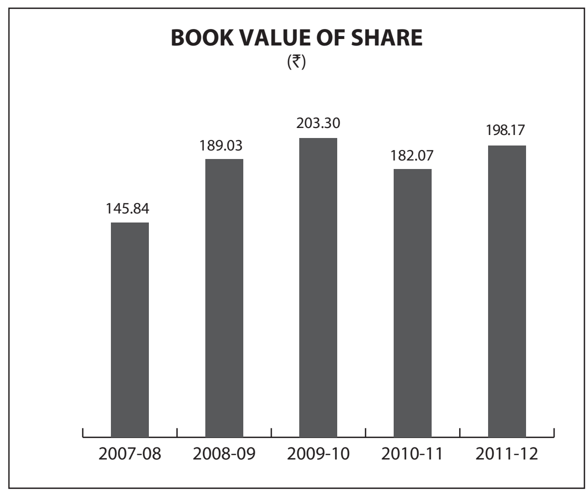
Sharepro Services (India) Private Limited,
Samhita Warehousing Complex, 13AB, Gala No. 52,
Near Sakinaka Telephone Exchange,
Off Andheri Kurla Road,
Andheri (East), Mumbai 400 072, India

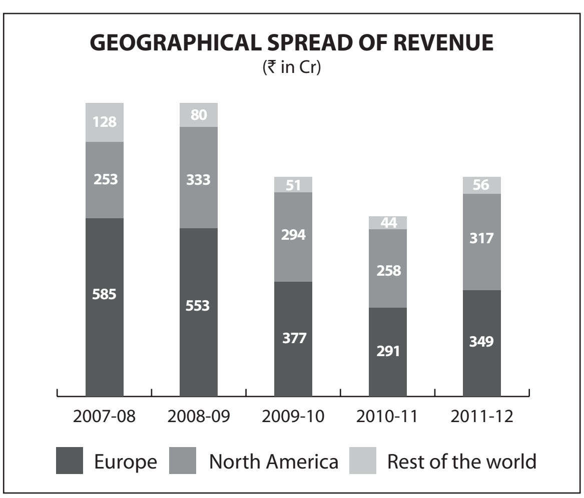
MASTEK GROUP – MANAGEMENT TEAM

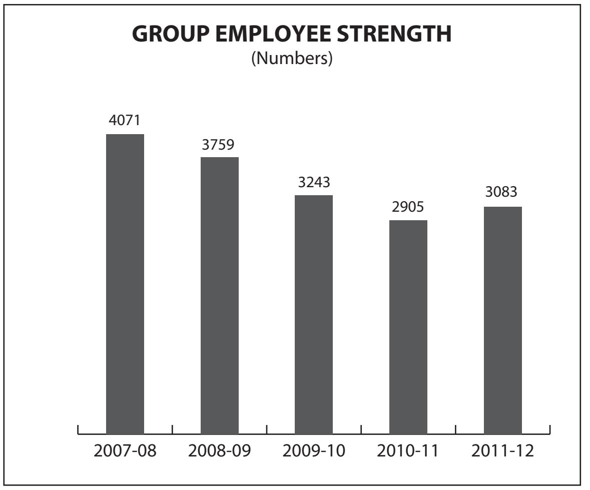
- **Sudhakar Ram** – Chairman & Managing Director
- **Barry Yard** – Managing Director, Mastek -UK
- **Vinay Rajadhyakhsha** – Chief Delivery Officer
- **Stefan Vanovertveldt** – Chief Engineer
- **Farid Kazani** – Group CFO & Finance Director
- **Kalpana Jaishankar** – Sr. Vice-President & Group Head HR
- **Ketan Mehta** – Co-Founder & CEO MajescoMastek
- **R. Sundar** – Co-Founder & Executive Director

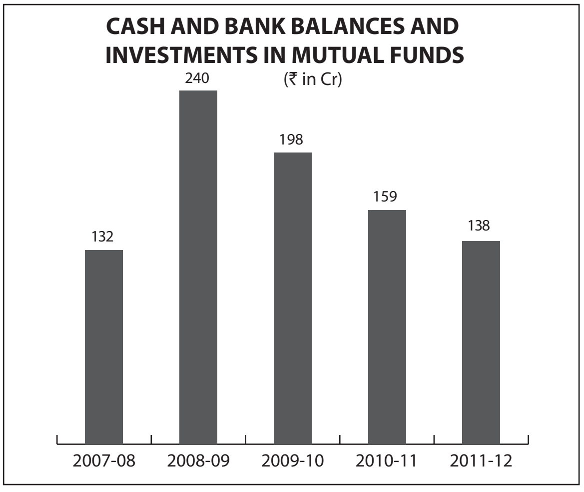
PERFORMANCE ANALYSIS OF MASTEK GROUP

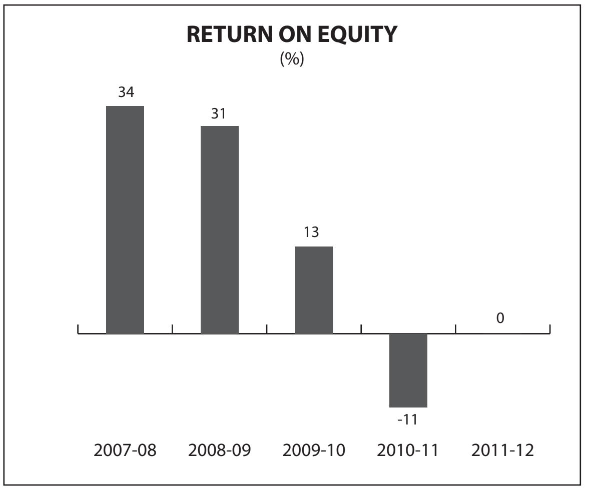







GROUP EMPLOYEE STRENGTH
(Numbers)
4071
3759
3243
2905
3083
2007-08
2008-09
2009-10
2010-11
2011-12


CASH AND BANK BALANCES AND INVESTMENTS IN MUTUAL FUNDS
(₹ in Cr)
132
240
198
159
138
2007-08
2008-09
2009-10
2010-11
2011-12


RETURN ON EQUITY
(%)
34
31
13
-11
0
2007-08
2008-09
2009-10
2010-11
2011-12

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NOTICE

Notice to Members

NOTICE is hereby given that the Thirtieth Annual General Meeting of MASTEK LIMITED will be held at the GICEA, Nirman Bhavan, opp. Law Garden, Ellis Bridge, Ahmedabad - 380 006, on Friday, October 5, 2012 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended on June 30, 2012, the Balance Sheet as on that date together with Reports of the Directors and the Auditors thereon and the Consolidated Financials for the year ended on June 30, 2012 along with the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ashank Desai, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ketan Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 012754N), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. Appointment of Mr. S. Sandilya as a Director

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** Mr. S. Sandilya, who had been appointed as an Additional Director of the Company with effect from January 19, 2012 and who, in terms of Section 260 of the Companies Act, 1956, and Article 119 of the Articles of Association of the Company, holds office of directorship up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. S. Sandilya, as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company.''

6. Payment of Certain Benefits/Perquisites to Mr Ashank Desai

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to all permissions, sanctions and approvals as may be necessary, over and above the sitting fees and eligible commission as a Non-Executive Director, approval of the Company be and is hereby accorded for the payment of certain benefits/perquisites as mentioned herein below to Mr. Ashank Desai, Non-Executive Director of the Company, who is neither in Whole-time employment nor a Managing Director of the Company:

— residence telephone bills (including Internet Connection) incurred by Mr. Desai for official purposes, mobile bills and credit card fees;

— payment of premium for Mediclaim and Personal Accident (PA) policy covering Mr. Desai and his family and further renewal of the Mediclaim and Personal Accident policy covering Mr. Desai and his family;

— exclusive use of Chauffer driven Company car maintained by Company.

RESOLVED FURTHER THAT the monetary value of the above perquisites/facilities, shall not exceed ₹ 15 Lakhs per annum for a period of 3 years from July 1, 2012 till June 30, 2015. Taxes, if any on the above perquisites/facilities will be borne by the Company

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorised to take all the steps as may be necessary, proper and expedient to give effect to this resolution."

7. Alteration of Article No. 86, 99 and 147 of the Articles of Association

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

(A) "**RESOLVED THAT** the following Para be added at the end of existing Article 86 and 99 of the Articles of Association of Mastek Limited -

For the purpose of quorum, at any General Meeting, participation by members in a General Meeting through video conferencing or teleconferencing or through any other electronic or other media and voting there under shall also be considered as valid, as permitted by applicable laws from time to time".

(B) **RESOLVED THAT** the following Para be added at the end of the existing Article 147 of the Articles of Association of Mastek Limited -

Participation by Directors through video conferencing or through any other electronic or other media permitted by applicable laws in India from time to time shall be counted in the calculation of Quorum".

NOTES :

1. **A MEMBER ENTITLED TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

2. The relative Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Businesses to be transacted at the Annual General Meeting is annexed hereto .

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 26, 2012 to October 5, 2012 (both days inclusive).

4. Members are requested to immediately notify any change in their address and E-mail IDs to the Share Transfer Agents of the Company at the following address:

   Sharepro Services (I) Pvt. Ltd.
   Samhita Warehousing Complex
   13AB, Gala No. 52,
   Nr. Sakinaka Telephone Exchange,
   Off Andheri-Kurla Road,
   Andheri (East),
   Mumbai – 400 072

5. The unclaimed dividend for the financial year ended June 30, 2004 has been transferred to the Investor Education and Protection Fund (IEPF) as per provisions under section 205 (c) of the Companies Act, 1956.

6. Members who have not yet encashed their dividend warrants for the financial year ended June 30, 2005 onwards, are requested to make their claims to the Company.

7. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.

8. Members are requested to join the Company in supporting the Green Initiative taken by Ministry of Corporate Affairs (“MCA”) to effect electronic delivery of documents including Annual Report and other documents to the members at the e mail address registered for the said purpose. We request the members to register their e-mail address with their Depository Participant or with Sharepro Services (I) Pvt. Ltd, Share Transfer Agents of the Company, for sending various notices, Annual Report and other documents through Electronic Mode.

9. Information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, relating to the Code of Corporate Governance, regarding Directors seeking appointment and re-appointment is as follows:

Name of Director	**Mr. Ashank Desai**
Resume of the Director	Mr. Ashank Desai, 61 is B.E. from Mumbai University and in graduating year, held the second rank in the University. He holds a M. Tech Degree from the Indian Institute of Technology, Mumbai. He also holds a management diploma granted by the Indian Institute of Management Ahmedabad, from where he graduated in 1979. He worked with Godrej and Boyce before founding the Company. He is a founder member and ex-chairman of NASSCOM and is also actively associated with several Government bodies and Trade Associations.
Year of Joining the Board	1982
Expertise in specific functional area	Mr. Desai has significant experience due to his status as a prominent figure in both India and Global IT arena. Mr. Desai, a founding member of NASSCOM, was also the President of Asian-Oceanic Computing Industry Organisation (ASOCIO). He has expertise in all key functions relevant to the Company’s operations.
Other Directorships	1. MajescoMastek, USA 2. Mastek (UK) Ltd 3. Vector Insurance Services LLC, USA 4. Systems Task Group International Ltd, USA 5. Majesco Mastek, Canada 6. Mastek GmbH, GERMANY.
Chairman/member of committees of the Company	• Share Transfer cum Investor Grievances Committee – Chairman • Governance Committee – Chairman • Audit Committee - Member
No of Board Meetings attended during the year	5
No of shares held in the Company	3,099,552

Name of Director	Mr. Ketan Mehta
Resume of the Director	Mr. Ketan Mehta, 53, is a Commerce Graduate from Gujarat University. He holds a Management Diploma granted by the Indian Institute of Management, Ahmedabad. He worked for two years with NOCIL, after which he co-founded the Company.
Year of Joining the Board	1982
Expertise in specific functional area	Mr. Mehta is one of the co-founders of Mastek Limited. During his long tenure of 30 years with Mastek, he has handled various functions such as Sales, Delivery and General Management. He actively participates in strategic initiatives. He also advises Board on acquisitions, alliances and Joint Ventures. Currently, he is CEO of Mastek's North America Operations.
Other Directorships	1. Majesco Mastek, USA 2. Vector Insurance Services LLC, USA 3. Systems Task Group International Ltd, USA 4. Mastek Asia Pacific Pte Ltd, Singapore 5. MajescoMastek, Canada
Chairman/member of committees of the Company	• Governance Committee - Member • Compensation Committee - Member • Nomination Committee - Member
No of Board Meetings attended during the year	5
No of shares held in the Company	2,519,100

Name of Director	Mr. S. Sandilya
Resume of the Director	Mr. Sandilya, 64, is a Commerce Graduate from Chennai University and an MBA from the Indian Institute of Management, Ahmedabad. Mr. Sandilya is presently Chairman, Eicher Group. He joined Eicher Group in 1975 and has held various responsibilities in the areas of Group Finance including Information Technology, Strategic Planning, Manufacturing and General Management. Additionally, he is the Chairman of Parrys Sugar Industries Ltd and is also a Director of Tube Investments of India Limited and Rane Brake Lining Limited.
Year of Joining the Board	2012
Expertise in specific functional area	Finance including Information Technology and Strategic Planning
Other Directorships	1. Mastek (UK) Ltd 2. Eicher Motors Limited 3. Tube Investments of India Limited 4. Rane Brake Lining Limited 5. Parrys Sugar Industries Limited
Chairman/member of committees of the Company	• Audit Committee - Chairman • Nomination Committee - Chairman • Share Transfer cum Investor Grievances Committee - Member
No of Board Meetings attended during the year	2
No of shares held of the Company	Nil

By Order of the Board of Directors

Place : Mumbai
Date : July 27, 2012

Bhagwant Bhargawe
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5.

Appointment of Mr. S. Sandilya

The Board of Directors appointed Mr. S. Sandilya as an Additional Director with effect from January 19, 2012. He holds office up to the date of this Annual General Meeting. The Company has received a notice from a member under section 257 of the Companies Act, 1956 to propose the candidature of Mr. S. Sandilya as a Director of the Company.

Mr. S. Sandilya does not hold any shares in the Company.

Mr. Sandilya is a Commerce Graduate from Chennai University and an MBA from the Indian Institute of Management, Ahmedabad.

Mr. Sandilya is presently Chairman, Eicher Group. He joined Eicher Group in 1975 and has held various responsibilities in the areas of Group Finance including Information Technology, Strategic Planning, Manufacturing and General Management. Additionally, he is the Chairman of Parrys Sugar Industries Ltd and is also a Director of Tube Investments of India Limited and Rane Brake Lining Limited.

The Directors recommend the passing of this resolution for the approval of the members.

Save and except Mr. S. Sandilya no other director is in any way interested or concerned in the Resolution.

Item No. 6.

Payment of certain benefits/perquisites to Mr. Ashank Desai

Mr. Ashank Desai, one of the founders of the Company, being a non-executive director, represents the Company at various industry and public forums, both domestic and international. In view of his long association and in-depth knowledge of the Company and the industry, the Company is immensely benefited by his continuous interaction with Government/Semi-Government organizations. He has been actively involved with industry forums such as NASSCOM, ASSOCHAM and CII. Mr. Desai is the Chairman of Mastek Limited's Corporate Governance Committee and Share Transfer cum Investor Grievances Committee.

The Company had applied to the Central Government for approval to make payment of benefits/perquisites such as re-imbursement of telephone, mobile, car expenses, credit card fees, driver services, premium for Mediclaim and Personal Accident policy to Mr. Ashank Desai. The Central Government had vide their letter No. SRN No. A71828073 CL.VII dated May 13, 2010 approved the payment of said benefits/perquisites to Mr. Desai of an amount not exceeding ₹ 15 Lakhs p.a. for a period of 3 (three) years with effect from July 1, 2009 to June 30, 2012.

The Board has proposed to continue to pay to Mr. Ashank Desai as a Non-Executive Director, benefits/perquisites like re-imbursement of telephone bills, mobile bills and credit card fees, premium for Mediclaim and Personal Accident policy (covering Mr. Ashank Desai and his familiy) and use of Chauffer driven Company car maintained by Company for a further period of 3(three) years from July 1, 2012 till June 30, 2015, over and above the payment of sitting fees and eligible commission. The Monetary value for the said benefits/perquisites shall not exceed ₹ 15 Lakhs per annum. Taxes if any on the above will be borne by the Company.

During the preceding three financial years the amount of benefits/perquisites paid to Mr. Ashank Desai are as follows:-

Sr. No.	Financial Year	Amount in ₹
1	2009-10	11,25,335
2	2010-11	7,36,797
3	2011-12	*728,808

* Along with sitting fees of ₹ 80,000/-.

The Directors recommend the passing of this resolution for the approval of the members.

Save and except Mr. Ashank Desai, no other director is in any way interested or concerned in the Resolution.

Item No. 7.

Pursuant to notifications issued by Ministry of Corporate Affairs, Govt. of India, New Delhi about participation at Board Meetings and General Meetings of Members, changes are sought to be introduced in the Articles of Association of the Company, to permit the Company to adopt such practices.

Accordingly, following amendments have been proposed in the Articles of Association of the Company for members' consideration and approval.

a) Amendment of Article 86 to conduct General Meeting through video conferencing or teleconferencing or through any other electronic or other media as permitted by law.

b) Amendment of Article No. 99 to permit voting by shareholders through electronic or other media as permitted by law.

c) Amendment of Article No. 147 to determine quorum of Directors participating in Board / Committee meeting through video conferencing or teleconferencing or through any other electronic or other media as permitted by law.

None of the directors is in any way interested or concerned in the resolution.

By Order of the Board of Directors

Place : Mumbai
Date : July 27, 2012

Bhagwant Bhargawe
Company Secretary

MASTEK GROUP

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MASTEK LIMITED

The Board of Directors of Mastek Limited

1. We have audited the attached consolidated balance sheet of Mastek Limited (the "Company") and its subsidiaries, hereinafter referred to collectively as the "Group" (refer Note 1 to the attached consolidated financial statements) as at June 30, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of Mastek Asia Pacific Pte. Ltd., Singapore and Mastek MSC Software Sdn. Bhd., Malaysia, included in the consolidated financial statements, which constitute total assets of ₹ 2,835.76 Lacs and net assets of ₹ 2,613.28 Lacs as at June 30, 2012, total revenue of ₹ 2,046.04 Lacs, net profit of ₹ 661.57 Lacs and net cash inflows amounting to ₹ 417.62 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2012;

   (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number 39985

Place : Mumbai
Date : July 27, 2012

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at June 30, 2012	As at June 30, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**1,351.31**	1,347.56
Reserves and surplus	4	**52,206.21**	47,722.91
		53,557.52	49,070.47
Non-current liabilities			
Long-term borrowings	5	**44.10**	41.31
Other long term liabilities	6	**50.64**	48.24
Long-term provisions	7	**4,172.08**	3,108.35
Current liabilities			
Short-term borrowings	8	**653.81**	447.00
Trade payables	9	**414.51**	435.68
Other current liabilities	10	**13,531.47**	10,017.22
Short-term provisions	11	**2,863.52**	1,344.69
Total		**75,287.65**	64,512.96
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12 (i)	**7,760.09**	9,091.17
Intangible assets	12 (ii)	**17,862.13**	14,948.18
Capital work-in-progress		**0.21**	11.26
Non-current investments	13	**279.12**	293.03
Deferred tax assets	14	**2,269.69**	2,210.01
Long-term loans and advances	15	**5,413.17**	4,381.20
Other non-current assets	16	**51.74**	41.24
Current assets			
Current investments	17	**4,010.00**	6,182.72
Trade receivables	18	**18,047.05**	10,806.36
Cash and bank balances	19	**9,775.37**	9,536.77
Short-term loans and advances	20	**2,081.62**	1,375.58
Other current assets	21	**7,737.46**	5,635.44
Total		**75,287.65**	64,512.96
Summary of significant accounting policies	2		
Contingent Liabilites, capital and other commitments	22, 23		

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year ended June 30, 2012	Year ended June 30, 2011
Revenue	**24**	**72,420.02**	59,410.21
Other income	**25**	**1,485.45**	2,011.14
Total Revenue		**73,905.47**	61,421.35
Expenses			
Employee benefits expense	**26**	**46,126.47**	45,449.19
Finance costs	**27**	**129.94**	116.19
Depreciation and amortization expenses	**28**	**2,878.37**	2,878.84
Other expenses	**29**	**24,242.69**	15,809.18
Total Expenses		**73,377.47**	64,253.40
Profit / (Loss) before exceptional item and tax		**528.00**	(2,832.05)
Exceptional item	**30**	**—**	2,719.93
Profit / (Loss) before tax		**528.00**	(5,551.98)
Tax expense:			
Current Tax		**1,480.09**	979.76
Less: Minimum alternate tax credit entitlement		**372.37**	—
Net Current tax		**1,107.72**	979.76
Deferred tax charge		**32.33**	91.41
Income tax refund / write back for earlier years		**(662.08)**	(1,028.81)
Profit / (Loss) for the year		**50.03**	(5,594.34)
Earning / (Loss) per equity share	**31**		
Basic (Face value of ₹ 5/- each)		**0.19**	(20.76)
Diluted (Face value of ₹ 5/- each)		**0.19**	(20.76)
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended June 30, 2012	Year ended June 30, 2011
Cash flows from operating activities		
Net Profit/(Loss) before tax	**528.00**	(5,551.98)
Adjustments for :		
Interest income	**(317.25)**	(498.15)
Dividend income from investments	**(74.15)**	(149.42)
Expense on Employee Stock option scheme	**35.00**	88.50
Finance costs	**113.45**	100.22
Depreciation and amortization	**2,878.37**	2,878.84
Exceptional item	**—**	2,719.93
Provision for doubtful debts	**256.25**	57.11
Bad debts written off	**15.44**	50.68
(Profit)/loss on sale of fixed assets, net	**(165.69)**	3.08
Gain on sale of investments	**(357.28)**	(0.90)
Unrealised foreign exchange loss/(gain)	**809.59**	(383.04)
Operating profit/(loss) before working capital changes	**3,721.73**	(685.13)
(Increase)/decrease in trade receivables	**(5,397.77)**	2,078.37
(Increase)/decrease in loans and advances and other assets	**(1,552.90)**	1,201.63
Increase/(decrease) in trade payables, other liabilities and provisions	**3,702.99**	(325.00)
Cash generated from operations	**474.05**	2,269.87
Income taxes paid, net of refunds received	**(1,689.04)**	(1,228.09)
Net cash (used in)/generated from operating activities	**(1,214.99)**	1,041.78
Cash flows from investing activities		
Proceeds from sale of tangible assets	**615.49**	21.45
Purchase of tangible and intangible assets, net of capital work in progress capitalised	**(1,574.06)**	(2,826.49)
Interest received	**317.25**	498.15
Sale proceeds of current investments	**48,494.95**	36,619.32
(Investment)/Realisation of fixed deposits having maturity over three months	**(374.82)**	1,150.79
Dividend from current investments	**74.15**	149.43
Purchase of current investments	**(45,964.95)**	(40,828.42)
Net cash generated from/(used in) investing activities	**1,588.01**	(5,215.77)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012 (CONTD.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended June 30, 2012	Year ended June 30, 2011
Cash flows from financing activities		
Proceeds from issue of ESOP shares	**3.75**	11.29
Repayment/proceeds from working capital loan, net	**97.66**	447.00
Repayment of finance lease obligation	**(20.38)**	(20.84)
Repayment of long term loan	**(1,341.00)**	(2,769.90)
Dividends paid including dividend distribution tax	**—**	(393.71)
Interest paid on loans and lease obligations	**(113.45)**	(100.22)
Net cash used in financing activities	**(1,373.42)**	(2,826.38)
Effect of changes in exchange rates	**826.42**	189.44
Net decrease in cash and cash equivalents during the year	**(173.98)**	(6,810.93)
Cash and cash equivalents at the beginning of the year	**8,663.55**	15,474.48
Cash and cash equivalents at the end of the year	**8,489.57**	8,663.55

Notes :

1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Cash and cash equivalents - Refer note 19

3 Figures in brackets indicate cash outgo.

4 Previous year's figures have been regrouped/reclassified wherever necessary.

In terms of our report of even date

For Price Waterhouse

Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

(All amounts in ₹ Lakhs, unless otherwise stated)

1 Group Information :

Mastek Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company and its subsidiaries (collectively referred herein under as "the Group") are provider of vertically-focused enterprise technology solutions and platforms in Insurance (Life, Pensions and General), Government / Public Sector, and Financial Services sectors.

The Group's offering portfolio includes business and technology services comprising of IT Consulting, Application Development, Systems Integration, Application Management Outsourcing, Testing, Data Warehousing and Business Intelligence, Application Security, CRM services and Legacy Modernisation. The Group has operations in U.S., Canada, U.K., India and Asia-Pacific and has its offshore software development centers in India at Mumbai, Pune, Chennai and Mahape.

The details of subsidiaries considered in these consolidated financial statements are:

Name of the Company	Country of Incorporation	As at June 30, 2012	As at June 30, 2011
MajescoMastek	USA	100%	100%
Mastek (UK) Limited	UK	100%	100%
Mastek GmbH	Germany	100%	100%
Mastek Asia Pacific Pte Ltd.	Singapore	100%	100%
Mastek MSC Sdn. Bhd.	Malaysia	100%	100%
Mastek MSC (Thailand) Co. Ltd	Thailand	100%	100%
Vector Insurance Services LLC	USA	90%	90%
Systems Task Group International Limited	USA	100%	100%
Keystone Solutions Private Limited *	India	NA	100%
MajescoMastek Canada Limited	Canada	100%	100%

* - Merged with the Company with effect from July 1, 2011

2 Summary of significant accounting policies:

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956, in particular Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements'.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 Changes in accounting policy

Hedge Accounting: Effective October 1, 2011, the Company has adopted hedge accounting as per the Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In respect of forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the Hedging Reserve Account) and is reclassified into the Statement of Profit and Loss upon the occurrence of the hedged transactions.

Had the Company not adopted hedge accounting under AS 30, the profit for the year ended June 30, 2012 would have been lower by ₹ 1,681.16 and the debit balance in the Hedging Reserve would have been lower by the same amount.

(All amounts in ₹ Lakhs, unless otherwise stated)

2.3 **Use of estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

2.4 **Tangible assets and depreciation**

Tangible assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on the straight line method, on a pro rata basis, over the useful life of assets, as estimated by management or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets individually costing less than ₹ 5,000/- are depreciated fully in the year of acquisition. The useful lives estimated by management which are higher than rates specified as per Schedule XIV are as under:

Assets	Useful Life
Leasehold Land	Lease Term ranging from 95-99 years
Buildings	25 - 30 years
Computers	2 years
Leasehold Improvements	5 years or the primary period of lease whichever is less
Plant and Equipment	2 - 5 years
Office Equipment	2 - 5 years
Furniture and Fixtures	5 years
Vehicles	5 years

2.5 **Intangible assets and amortization**

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line method over their estimated useful lives as follows:

Assets	Useful Life
Goodwill	3 years
Computer software	1 - 5 years

2.6 **Impairment of assets**

At each Balance Sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit and loss to the extent carrying amount exceeds recoverable amount.

2.7 **Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.8 **Foreign currency transactions and translation**

The consolidated financial statements are prepared in Indian Rupees. The Indian Rupee is the functional currency for Mastek Limited. However, U.S. Dollar, Pound Sterling, Singapore Dollar, Malaysian Ringitts, Thai Baht, Canadian Dollar and Euro are the functional currencies for its non-integral subsidiaries located in United States of America, United Kingdom, Singapore, Malaysia, Thailand, Canada and Europe (Germany), respectively. The translation of the functional currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates prevailing at the Balance Sheet date and for revenues and expenses using average exchange rates prevailing during the reporting periods and for share capital and reserves using the exchange rate at the date of transaction. The differences on translation are taken directly to reserves, under Foreign Currency Translation Reserve.

Foreign currency transactions of the Company are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

In respect of transactions related to company's foreign branch, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Statement of Profit and Loss.

In case of forward exchange contracts which are open on the balance sheet date and are backed by receivables, the premium or discount arising at the inception of such a forward exchange contract is amortized as income or expense over the life of the contract. The exchange difference on such contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between a) the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlemt date where the transaction is settled during the reporting period, and b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. The exchange difference so computed on such contracts is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense for the period.

2.9 **Derivative instruments and hedge accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

The use of hedging instruments is governed by the policies of the Company which are approved by its Board of Directors.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in the hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

For derivative financial instruments that do not qualify for hedge accounting, the premium or discount arising at the inception of the contract is amortized as income or expense over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the statement of profit and loss for the period.

2.10 **Employee benefits**

(i) Long-term employee benefits

(a) Defined contribution plans

The Company has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance, labour welfare fund and superannuation fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). The Group also makes contributions towards defined contribution plans in respect of its subsidiaries in foreign jurisdictions, as applicable. Under the defined contribution plans, the Group has no further obligation beyond making the contributions. Such contributions are charged to the statement of profit and loss as incurred.

(b) Defined benefit plans

The Company has defined benefit plans for post employment benefits in the form of gratuity and leave encashment for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India

(LIC). The Group also provides for leave encashment liability towards employees of foreign subsidiaries and its UK branch. Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by independent actuaries. The actuarial valuation method used by independent actuaries for measuring the liability is the projected unit credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

(ii) **Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee rendered the services. These benefits comprise compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

2.11 **Revenue recognition**

The group derives revenues primarily from information technology services. Revenues on time and material contracts are recognised when services are rendered and related costs are incurred. Revenues on fixed price, fixed time bound contracts are recognised over the life of the contract based on a percentage completion method measured by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the changes becomes known. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

Revenues from sale of software licences are recognised upon delivery, unless there is a customisation effort involved in which case the revenues are recognised ratably over the life of the contract taking into account the spread of the customisation effort.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenues from resale of software and hardware are recognised upon delivery of products to the customer.

Amounts received or billed, in advance of services performed are recorded as unearned revenue under 'Other Current Liabilities'. Unbilled revenue included in 'Other Current Assets', represents amounts recognised in respect of services performed in accordance with contract terms.

2.12 **Other income**

Dividend income from investments is recognised when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amounts invested and the rate of interest. Rental income is recognised on a straight line basis over the term of the lease as per the terms of contract with the lessee.

2.13 **Leases**

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – 'Leases', are capitalized. The assets acquired under finance leases are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as leased assets under tangible assets and are depreciated accordingly. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to the statement of profit and loss on a straight line basis over the lease term. Assets given under operating leases are capitalised in the Balance Sheet under tangible assets and are depreciated as per the Group's depreciation policy.

2.14 **Earnings per share**

Basic earning per share (EPS) are calculated by dividing the net loss / profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti-dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earning per share or decrease loss per share.

(All amounts in ₹ Lakhs, unless otherwise stated)

2.15 **Income Taxes**

Provision for tax for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.16 **Accounting for Employee Stock Options**

Stock options granted to employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) in 1999 and as amended from time to time and the guidance note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option, being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortised portion of value of lapsed portion and debit to share options outstanding account equal to the un-amortised portion.

2.17 **Provisions and Contingent Liabilities**

Provisions are recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

2.18 **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

3 Share Capital

	As at June 30, 2012	As at June 30, 2011
Authorised:		
40,000,000 (June 30, 2011: 40,000,000) equity shares of ₹ 5/- each	**2,000.00**	2,000.00
2,000,000 (June 30, 2011: 2,000,000) preference shares of ₹ 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, subscribed and fully paid up:		
27,026,187 (June 30, 2011: 26,951,187) equity shares of ₹ 5/- each fully paid	**1,351.31**	1,347.56
Total	**1,351.31**	1,347.56

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Reconciliation of number of shares

	As at June 30, 2012		As at June 30, 2011	
	No. of shares	**Amount**	No. of shares	Amount
Equity Shares				
Balance as at the beginning of the year	**26,951,187**	**1,347.56**	26,943,937	1,347.20
Add : Addition on account of ESOP	**75,000**	**3.75**	7,250	0.36
Balance as at the end of the year	**27,026,187**	**1,351.31**	26,951,187	1,347.56

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 5/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at June 30, 2012		As at June 30, 2011	
Equity Shares of ₹ 5 held by:	**No. of shares**	**% of holding**	No. of shares	% of holding
Ashank Desai	**3,099,552**	**11.47%**	3,099,552	11.50%
Sudhakar Ram	**2,791,680**	**10.33%**	2,791,680	10.36%
Ketan Mehta	**2,519,100**	**9.32%**	2,519,100	9.35%
Nalanda India Fund Limited	**2,688,020**	**9.95%**	2,688,020	9.97%
Ashish Dhawan	**2,318,259**	**8.58%**	1,261,441	4.51%
Fidelity Purita Trust Fidelity Low Priced	**2,025,000**	**7.49%**	2,025,000	7.51%
Sundar Radhakrishnan	**1,445,800**	**5.35%**	1,445,800	5.36%
Bajaj Allianz Life Insurance Company Limited	**1,569,280**	**5.81%**	1,752,580	6.50%
Life Insurance Corporation Of India	**1,550,404**	**5.74%**	1,550,404	5.75%

(d) Shares reserved for issue under options

	As at June 30, 2012	As at June 30, 2011
Number of shares to be issued under the Employee Stock Option Plans	**2,364,242**	2,573,478

(e) Shares bought back (during 5 years immediately preceding June 30, 2012)

	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Equity Shares bought back	**—**	—	—	176,863	1,483,232

(All amounts in ₹ Lakhs, unless otherwise stated)

4 Reserves and surplus

	As at June 30, 2012	As at June 30, 2011
Capital Reserve	**21.44**	21.44
Capital Redemption Reserve Account	**1,295.27**	1,295.27
Securities Premium Account		
Balance as at the beginning of the year	**150.59**	139.66
Add : Addition on account of ESOP allotment	**—**	10.93
Add : Transferred from Stock Options Outstanding	**180.50**	—
Balance as at the end of the year	**331.09**	150.59
Share Options Outstanding Account		
Balance as at the beginning of the year	**145.50**	57.00
Add: Additions on account of options granted during the year	**35.00**	88.50
Less: Transfer to securities premium on exercise of stock options during the year	**(180.50)**	—
Balance as at the end of the year	**—**	145.50
General Reserve	**10,405.24**	10,405.24
Hedging Reserve Account		
Balance as at the beginning of the year	**—**	—
Add: Changes in the fair value of the effective cash flow hedges	**(1,681.61)**	—
Balance as at the end of the year - debit	**(1,681.61)**	—
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	**(250.43)**	(37.54)
Add : Exchange gain / (loss) on translation during the year	**6,079.88**	(212.89)
Balance as at the end of the year	**5,829.45**	(250.43)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**35,955.30**	41,549.64
Profit / (Loss) for the year	**50.03**	(5,594.34)
Balance as at the end of the year	**36,005.33**	35,955.30
Total	**52,206.21**	47,722.91

(All amounts in ₹ Lakhs, unless otherwise stated)

5 Long-term borrowings

	As at June 30, 2012	As at June 30, 2011
Secured :		
Long term maturities of finance lease obligations	**44.10**	41.31

(a) Nature of Security and terms of repayment for secured borrowings

Nature of Security	Terms of Repayment
Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly payment of Equated Monthly Installments beginning from the month subsequent to taking the lease.

6 Other long term liabilities

	As at June 30, 2012	As at June 30, 2011
Security and other deposits	**50.64**	48.24

7 Long-term provisions

	As at June 30, 2012	As at June 30, 2011
Provision for employee benefits		
Provision for gratuity	**1,613.39**	1,772.14
Provision for leave encashment	**1,603.51**	1,336.21
Other Provisions		
Provision for mark-to-market losses on derivatives (Refer note 34)	**955.18**	—
Total	**4,172.08**	3,108.35

8 Short-term borrowings

	As at June 30, 2012	As at June 30, 2011
Secured:		
Working Capital facility from bank	**653.81**	447.00

(a) Nature of Security
- (i) Secured against current assets including receivables of MajescoMastek, USA
- (ii) Secured by Corporate Guarantee given by the Company on behalf of Subsidiary, MajescoMastek, for its line of credit for Working Capital from Bank.

(b) Terms of Repayment
- (i) The Working Capital facility is valid till 17th May 2013.
- (ii) Repayable at the discretion of the Group upto the earlier of 360 days or the validity date of the facility.

9 Trade payables

	As at June 30, 2012	As at June 30, 2011
Trade payables	**414.51**	435.68

(All amounts in ₹ Lakhs, unless otherwise stated)

10 Other current liabilities

	As at June 30, 2012	As at June 30, 2011
Current maturities of long-term debt	**—**	1,341.00
Current maturities of finance lease obligations	**15.51**	11.24
Unearned revenue	**4,354.72**	734.06
Advances received	**0.83**	0.78
Unpaid dividends	**49.27**	52.14
Security and other deposits	**0.30**	1.50
Other payables		
Employee benefits payable	**3,140.93**	3,313.93
Accrued expenses	**2,805.26**	2,476.01
Capital creditors	**153.11**	189.44
Statutory dues including provident fund and tax deducted at source	**3,011.54**	1,897.12
Total	**13,531.47**	10,017.22

11 Short-term provisions

	As at June 30, 2012	As at June 30, 2011
Provision for employee benefits		
Provision for leave encashment	**861.71**	673.88
Other Provisions		
Provision for taxes, net of advance tax	**632.24**	670.81
Provision for mark-to-market losses on derivatives (Refer note 34)	**1,369.57**	—
Total	**2,863.52**	1,344.69

12 Fixed assets

(i) Tangible assets

	Gross Block (at cost)						Depreciation						Net Block	
	As at July 01, 2011	Additions	Disposals/ Transfer	Other adjust-ments	Foreign exchange translation adjustment	**As at June 30, 2012**	As at July 01, 2011	For the year	Disposals/ Transfer	Deletions	Foreign exchange translation adjustment	**As at June 30, 2012**	**As at June 30, 2012**	As at June 30, 2011
a. Own assets :														
Buildings	3,777.31	36.52	–	–	–	**3,813.83**	545.17	131.67	–	–	–	**676.84**	**3,136.99**	3,232.14
Computers	4,320.86	522.11	(0.44)	–	389.69	**5,232.22**	4,073.67	319.30	(0.44)	–	354.68	**4,747.21**	**485.01**	247.19
Plant and equipments	4,341.93	45.68	(24.29)	–	43.21	**4,406.53**	2,901.91	586.90	(23.07)	–	27.54	**3,493.28**	**913.25**	1,440.02
Furniture and fixtures	5,880.98	186.65	(9.44)	–	94.01	**6,152.20**	4,473.75	563.18	(7.67)	–	87.28	**5,116.54**	**1,035.66**	1,407.23
Vehicles	385.74	31.62	(52.04)	–	–	**365.32**	210.27	53.08	(23.00)	–	–	**240.35**	**124.97**	175.47
Office equipments	1,730.31	53.28	(1.88)	–	–	**1,781.71**	1,515.21	95.16	(1.53)	–	–	**1,608.84**	**172.87**	215.10
Total (A)	**20,437.13**	**875.86**	**(88.09)**	**–**	**526.91**	**21,751.81**	**13,719.98**	**1,749.29**	**(55.71)**	**–**	**469.50**	**15,883.06**	**5,868.75**	**6,717.15**
Previous Year	16,925.01	4,114.65	(563.33)	–	(39.20)	20,437.13	12,085.78	1,903.00	(235.72)	–	(33.08)	13,719.98	6,717.15	
b. Leased assets :														
Land and premises	3,090.44	10.72	(452.49)	–	–	**2,648.67**	791.97	92.92	(43.66)	–	–	**841.23**	**1,807.44**	2,298.47
Leasehold improvements	506.87	–	–	–	14.68	**521.55**	474.05	9.62	–	–	14.32	**497.99**	**23.56**	32.82
Vehicles	52.84	39.72	(10.60)	–	–	**81.96**	10.11	13.52	(2.01)	–	–	**21.62**	**60.34**	42.73
Total (B)	**3,650.15**	**50.44**	**(463.09)**	**–**	**14.68**	**3,252.18**	**1,276.13**	**116.06**	**(45.67)**	**–**	**14.32**	**1,360.84**	**1,891.34**	**2,374.02**
Previous Year	3,605.64	76.51	(29.67)	–	(2.33)	**3,650.15**	1,174.51	129.56	–	–	(27.94)	1,276.13	2,374.02	
Total (A + B)	**24,087.28**	**926.30**	**(551.18)**	**–**	**541.59**	**25,003.99**	**14,996.11**	**1,865.35**	**(101.38)**	**–**	**483.82**	**17,243.90**	**7,760.09**	**9,091.17**
Previous Year	20,530.65	4,191.16	(593.00)	–	(41.53)	24,087.28	13,260.29	2,032.56	(235.72)	–	(61.02)	14,996.11	9,091.17	

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) Intangible assets

	Gross Block (at cost)						Amortization						Net Block	
	As at July 01, 2011	Additions	Disposals/ Transfer	Other adjust-ments	Foreign exchange translation adjustment	**As at June 30, 2012**	As at July 01, 2011	For the year	Disposals/ Transfer	Deletions	Foreign exchange translation adjustment	**As at June 30, 2012**	**As at June 30, 2012**	As at June 30, 2011
Goodwill	13,399.21	60.30	–	–	3,218.34	**16,677.85**	230.87	–	–	–	–	**230.87**	**16,446.98**	13,168.34
Computer software	10,037.62	625.95	–	–	325.95	**10,989.52**	8,257.78	999.11	–	–	317.48	**9,574.37**	**1,415.15**	1,779.84
Total	**23,436.83**	**686.25**	**–**	**–**	**3,544.29**	**27,667.37**	**8,488.65**	**999.11**	**–**	**–**	**317.48**	**9,805.24**	**17,862.13**	**14,948.18**
Previous Year	24,520.22	2,222.43	(1.13)	(2,719.93)	(584.76)	23,436.83	7,626.68	832.37	(1.13)	–	30.73	8,488.65	14,948.18	

Notes:

(a) Owned premises include subscription towards share capital of Co-operative societies amounting to Rupees Two hundred and fifty only (Previous year Rupees Two hundred and fifty only).

(b) Previous year's disposals / transfer under tangible assets include transfer to Investment property shown under 'Non-current Investments' (Refer note 13): Gross Block ₹ 389.41, Accumulated depreciation ₹ 82.47and Net block ₹ 306.94.

13 Non-current investments

	As at June 30, 2012	As at June 30, 2011
Investment property (Refer note 12 (b))		
Gross block		
Opening and Closing	**389.41**	389.41
Less : Accumulated depreciation		
Opening	**96.38**	82.47
Depreciation for the year	**13.91**	13.91
Closing	**110.29**	96.38
Net Block	**279.12**	293.03

14 Deferred tax assets

	As at June 30, 2012	As at June 30, 2011
Deferred tax assets		
Provision for doubtful debts	**138.84**	79.85
Depreciation	**776.94**	761.16
Provision for gratuity and leave encashment	**1,342.30**	1,252.78
Other timing differences	**11.61**	116.22
Total	**2,269.69**	2,210.01

15 Long-term loans and advances

	As at June 30, 2012	As at June 30, 2011
Unsecured, considered good unless otherwise stated		
Capital advances	**9.63**	7.26
Security Deposits	**170.08**	210.91
Prepaid expenses	**20.85**	24.31
Other bodies corporate		
Considered doubtful	**111.23**	89.40
Less: Allowance for doubtful advance	**(111.23)**	(89.40)
Other loans and advances		
Advance Income tax, net of provision for tax	**2,525.30**	1,860.00
MAT Credit Entitlement	**2,679.11**	2,272.19
Advance to Employees	**8.20**	6.53
Total	**5,413.17**	4,381.20

(All amounts in ₹ Lakhs, unless otherwise stated)

16 Other non-current assets

	As at June 30, 2012	As at June 30, 2011
Margin money deposit	**51.74**	41.24

17 Current investments

	As at June 30, 2012	As at June 30, 2011
At cost or market value, whichever is less:		
Investment in Mutual Funds (quoted):		
Sundaram Ultra Short Term - Super Inst. Plan - Growth (99,25,072 units Previous year - Nil units)	**1,450.00**	—
DWS Ultra Short Term Fund - Inst. Plan - Growth (99,15,443 units Previous year - Nil units)	**1,280.00**	—
Baroda Pioneer Treasury Advantage Fund - IP – Growth (1,03,625 units Previous year - Nil units)	**1,280.00**	—
Sundaram Ultra Short Term - Super Inst. Plan - Daily Dividend Reinvestment (Nil units Previous year - 15,077,248 units)	**—**	1,513.30
DWS Ultra Short Term Fund - Inst. Plan - Daily Dividend Reinvestment (Nil units Previous year - 12,665,378 units)	**—**	1,268.80
ICICI Prudential Blended Plan - B Option II - Daily Dividend Reinvestment (Nil units Previous year - 12,057,334 units)	**—**	1,206.64
SBI Magnum Income Fund - Floating Rate Plan - Saving Plus Bond Plan - Daily Dividend Reinvestment (Nil units Previous year - 7,173,190 units)	**—**	721.78
Tata Floater Fund - Daily Dividend Reinvestment (Nil units Previous year - 7,036,775 units)	**—**	706.18
Kotak Floater Long Term Fund - Daily Dividend Reinvestment (Nil units Previous year - 7,599,526 units)	**—**	766.02
Total	**4,010.00**	6,182.72
Aggregate amount of quoted investments	**4,010.00**	6,182.72
Market Value of quoted investments	**4,064.03**	6,182.72

18 Trade receivables

	As at June 30, 2012	As at June 30, 2011
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered Doubtful	**420.44**	238.61
Less: Provision for Doubtful Debts	**(420.44)**	(238.61)
Others		
Unsecured, Considered Good	**18,047.05**	10,806.36
Total	**18,047.05**	10,806.36

(All amounts in ₹ Lakhs, unless otherwise stated)

19 Cash and bank balances

	As at June 30, 2012	As at June 30, 2011
Cash and cash equivalents		
Cash on hand	**2.06**	1.89
Bank balances		
In current accounts	**7,268.02**	2,718.12
Fixed deposits (with original maturity of less than 3 months)	**1,219.48**	5,943.54
	8,489.56	8,663.55
Other bank balances		
Fixed deposits (with original maturity more than 3 months but less than 12 months)	**1,236.54**	821.08
Unpaid dividend account	**49.27**	52.14
	1,285.81	873.22
Total	**9,775.37**	9,536.77

20 Short-term loans and advances

	As at June 30, 2012	As at June 30, 2011
Unsecured considered good, unless otherwise stated:		
Other loans and advances		
Security deposits	**78.73**	36.54
Prepaid expenses	**567.50**	506.02
Service tax credit receivable	**1,068.15**	671.98
Advance to suppliers	**254.41**	79.01
Advance to employees	**112.83**	82.03
Total	**2,081.62**	1,375.58

21 Other current assets

	As at June 30, 2012	As at June 30, 2011
Unsecured considered good, unless otherwise stated:		
Interest accrued on deposits	**11.77**	39.56
Margin money deposit	**114.84**	102.25
Unbilled revenue	**7,402.30**	5,301.18
Reimbursable expenses receivable		
Considered Good	**208.55**	192.45
Considered doubtful	**24.13**	4.08
Less: Provision for doubtful	**(24.13)**	(4.08)
Total	**7,737.46**	5,635.44

(All amounts in ₹ Lakhs, unless otherwise stated)

22 Contingent Liabilities

	As at June 30, 2012	As at June 30, 2011
Claims against the Company not acknowledged as debts	**—**	105.78
Guarantees		
(a) Corporate performance guarantees given by the Company on behalf of the following subsidiaries		
(a) MajescoMastek Canada Ltd	**4,842.69**	2,411.84
(b) Mastek MSC Thailand Co Ltd	**508.99**	229.34
(c) Mastek (UK) Limited	**16,318.46**	42,828.87
(b) Corporate guarantees given by the Company on behalf of the following subsidiaries		
(a) MajescoMastek for its term loan	**—**	1,341.00
(b) MajescoMastek for its Line of Credit for Working Capital from Bank	**653.81**	447.00

The Group does not expect any outflows in respect of the above contingent liabilities.

23 Capital and other commitments

	As at June 30, 2012	As at June 30, 2011
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for	**251.01**	196.95

24 Revenue

	Year ended June 30, 2012	Year ended June 30, 2011
Information Technology Services	**72,296.43**	58,863.19
Other operating revenue		
Resale of software and hardware	**53.37**	464.19
Bad debts recovered	**70.22**	82.83
Total	**72,420.02**	59,410.21

25 Other income

	Year ended June 30, 2012	Year ended June 30, 2011
Interest income		
On deposit	**219.97**	349.14
On others	**97.28**	149.01
Dividend income from investments	**74.15**	149.42
Gain on sale of investments	**357.28**	0.90
Profit on sale of tangible assets, net	**165.69**	—
Net gain on Foreign Currency Transactions and Translation	**—**	1,030.46
Miscellaneous income	**571.08**	332.21
Total	**1,485.45**	2,011.14

(All amounts in ₹ Lakhs, unless otherwise stated)

26 Employee benefits expense

	Year ended June 30, 2012	Year ended June 30, 2011
Salaries, wages and performance incentives	**42,785.31**	41,957.71
Gratuity	**454.47**	139.99
Contribution to provident and other funds	**869.57**	945.41
Expense on Employee Stock Option Scheme	**35.00**	88.50
Staff welfare expense	**1,982.12**	2,317.58
Total	**46,126.47**	45,449.19

27 Finance costs

	Year ended June 30, 2012	Year ended June 30, 2011
Interest on working capital facility	**66.89**	5.48
Interest on term loan	**14.87**	59.39
Interest on finance lease	**8.06**	4.58
Bank charges	**16.49**	15.97
Other finance charges	**23.63**	30.77
Total	**129.94**	116.19

28 Depreciation and amortization expenses

	Year ended June 30, 2012	Year ended June 30, 2011
Depreciation on Tangible assets	**1,865.35**	2,032.56
Amortization on Intangible assets	**999.11**	832.37
Depreciation on Investment Property	**13.91**	13.91
Total	**2,878.37**	2,878.84

(All amounts in ₹ Lakhs, unless otherwise stated)

29 Other expenses

	Year ended June 30, 2012	Year ended June 30, 2011
Recruitment and training expenses	**511.19**	292.85
Travelling and conveyance	**3,607.67**	2,923.69
Communication charges	**739.39**	763.95
Electricity	**651.47**	585.05
Consultancy charges	**10,702.05**	4,317.42
Purchase of hardware and software	**556.61**	811.15
Rates and taxes	**376.18**	308.98
Repairs to buildings	**431.36**	276.87
Repairs : others	**1,183.25**	1,094.96
Insurance	**319.08**	375.18
Printing and stationery	**103.93**	102.42
Professional fees	**2,118.76**	2,018.67
Rent (Refer note 32)	**886.14**	912.33
Advertisement and publicity	**516.15**	367.88
Exchange loss, net	**580.03**	—
Provision for doubtful debts	**256.25**	57.11
Bad debt written off	**15.44**	50.68
Loss on sale of tangible assets, net	**—**	3.08
Miscellaneous expenses	**687.74**	546.91
Total	**24,242.69**	15,809.18

30 Exceptional item

	Year ended June 30, 2012	Year ended June 30, 2011
Impairment of Goodwill	—	2,719.93

During the year ended June 30, 2011 Mastek had provided a loss of ₹ 2,719.93 on account of impairment of Goodwill of Vector Insurance Services LLC (Vector), a step down subsidiary in USA, as a result of lower than expected economic performance of Vector. The same has been adjusted from Gross block of goodwill in the Intangible Assets schedule (Refer note 12 (ii)).

(All amounts in ₹ Lakhs, unless otherwise stated)

31 Earnings Per Share (EPS)

	Year ended June 30, 2012	Year ended June 30, 2011
The components of basic and diluted earnings per share are as follows:		
(a) Net income / (loss) attributable to equity shareholders	**50.04**	(5,594.34)
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS	**26,998,182**	26,950,108
Add : Effect of dilutive issue of stock options	**26,754**	322,025
Considered for diluted EPS	**27,024,935**	27,272,133
(c) Earnings / (Loss) per share (net of taxes) in ₹		
Basic	**0.19**	(20.76)
Diluted *	**0.19**	(20.76)
(Nominal value per share ₹ 5/- each)		

*The effect of potential equity shares on the net loss for the previous year is anti-dilutive. Hence the diluted EPS is same as the basic EPS.

32 Leases

(i) Operating lease

	As at June 30, 2012	As at June 30, 2011
(a) Future minimum lease payments under non-cancellable operating leases (in respect of properties):		
Due within one year	**480.09**	376.24
Due later than 1 year but not later than 5 years	**869.76**	858.74
Due later than 5 years	**41.67**	107.65
Total minimum lease payments	**1,391.51**	1,342.63

	Year ended June 30, 2012	Year ended June 30, 2011
(b) Operating lease rentals recognised in the statement of profit and loss (Refer note 29)	**886.14**	912.33

(c) Description of significant operating lease arrangements:

The Company has given refundable interest free security deposit under the lease agreements.

All agreements contain provision for renewal at the option of either parties.

All agreements provide for restriction on sub-lease.

(ii) Finance lease

	As at June 30, 2012	As at June 30, 2011
(a) Total minimum finance lease payments outstanding (in respect of vehicles):		
Due within one year	**22.70**	17.52
Due later than 1 year but not later than 5 years	**53.42**	50.83
Total minimum lease payments	**76.12**	68.35
Less: Interest not due	**(16.51)**	(15.80)
Present value of net minimum leases payments	**59.61**	52.55
Disclosed under:		
Long-term borrowings (Refer Note 5)	**44.10**	41.31
Other current liabilities (Refer Note 10)	**15.51**	11.24
	59.61	52.55

33 Income Taxes

(a) In accordance with the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). Payments under MAT can be carried forward and set off against future tax liability. Accordingly, a sum of ₹ 2,679.11 (Previous year ₹ 2,272.19) has been carried forward and shown under 'Long-term loans and advances'. (Refer Note 15).

(b) In addition to Indian operations, the Group has accounted for the tax liabilities of its foreign subsidiaries and the UK branch in accordance with their respective tax legislations.

(c) The Company had received tax demands aggregating to ₹ 2,272.48 (including interest of ₹ 760.27) primarily on account of transfer pricing issues for the assessment years 2006-07, 2007-08 and 2008-09. For the assessment year 2006-07, the second appellate authority (the Income tax Appellate Tribunal) has allowed these issues in favour of the company and for the assessment years 2007-08 and 2008-09, the matter is pending before the first appellate authority (the Commissioner of Income tax (Appeals)).

Considering the facts and favourable order of the second appellate authority upholding the position of the Company for the assessment year 2006-07, the management believes that the final outcome of the above disputes for the remaining years should be in favour of the Company and there should not be any material impact on financial statements.

34 Derivative Financial Instruments

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one day and four years.

The following '' sell '' foreign exchange forward contracts are outstanding as at:

	June 30, 2012		June 30, 2011	
Foreign Currency	**No. of Contracts**	**Notional amount of Forward contracts (million)**	No. of Contracts	Notional amount of Forward contracts (million)
a USD	**111**	**25.07**	152	40.97
b GBP	**32**	**7.30**	15	3.91
c CAD	**1**	**0.30**	Nil	—

Mark-to-Market losses	**As at June 30, 2012**	As at June 30, 2011
Mark-to-Market losses provided for	**643.14**	—
Mark-to-Market losses reported in Hedging Reserve Account (Refer note 4)	**1,681.61**	—
Mark-to-Market losses total	**2,324.75**	—
Classified as long term provisions (Refer note 7)	**955.18**	—
Classified as short term provisions (Refer note 11)	**1,369.57**	—

35 Related Party Disclosures

Key Management Personnel:

Sudhakar Ram (Chairman & Managing Director)
Ashank Desai (Non Executive Director)
Ketan Mehta (Non Executive Director)
R Sundar (Executive Director)

Disclosure of transactions between the Group and key management personnel during the year :

Total remuneration paid/payable :	**Year ended June 30, 2012**	Year ended June 30, 2011
Sudhakar Ram	**116.19**	116.19
Ketan Mehta	**128.27**	113.16
R Sundar	**73.78**	73.78

(All amounts in ₹ Lakhs, unless otherwise stated)

36 Segment reporting

Group follows AS 17, 'Segment Reporting' issued by the Institute of Chartered Accountants of India, which requires disclosures of financial and descriptive information about Mastek's reportable segments, both primary and secondary. The Group has identified geographic segments as primary segments and industry verticals as secondary segments.

Group's operations predominantly relate to providing IT services, delivered to customers globally. The organizational and reporting structure of the Group is based on Strategic Business Units (SBU) concept. The SBU's are primarily geographical segments. SBU's are the operating segments for which separate financial information is available and for which operating results are evaluated regularly by management in deciding how to allocate resources and in assessing performance. These SBU's provide end-to-end information technology solutions on time and material contracts and fixed bid contracts.

The Group's primary reportable segments consist of the following SBUs, which are based on the risks and returns in different geographies and the location of the customers: North America operations, UK Operations, and Others. 'Others' include operations of the Group in other parts of the world including India.

a. Primary geographical segmental reporting on the basis of location of customers :

	Year ended June 30, 2012	Year ended June 30, 2011
Revenue		
UK	**34,903.26**	29,090.85
North America	**31,764.12**	25,804.39
Others	**5,629.05**	3,967.95
Total	**72,296.43**	58,863.19

Segment Result

	Year ended June 30, 2012	Year ended June 30, 2011
UK	**6,244.23**	6,448.47
North America	**1,449.83**	(43.68)
Others	**(9.05)**	(1,518.91)
Total	**7,685.01**	4,885.88
Common unallocable charges	**(8,636.11)**	(9,213.46)
Finance costs	**(129.94)**	(116.19)
Other operating revenue and other income	**1,609.04**	1,611.72
Profit / (Loss) before taxation and exceptional items	**528.00**	(2,832.05)
Exceptional item - impairment of Goodwill	**—**	(2,719.93)
Profit / (Loss) before taxation	**528.00**	(5,551.98)

Revenues and expenses directly attributable to segments are reported under each reportable segment. All other costs i.e. corporate costs and support function costs, which are not directly attributable or allocable to segments have been disclosed as common unallocable charges. Similarly revenues and income not allocable to segments are disclosed separately.

A major portion of segments assets used in Group's business comprise fixed assets, which are primarily located at its off shore centers in India and are commonly used by various SBUs. These fixed assets are therefore not directly identifiable to any particular reportable segment and have been allocated to SBUs on the basis of man-months used by these SBUs. Consequently, capital expenditure and depreciation and amortisation are similarly allocated to SBUs.

(All amounts in ₹ Lakhs, unless otherwise stated)

Other Primary Segmental information :

	Segmental Assets		Segmental Liabilities	
	As at June 30, 2012	As at June 30, 2011	**As at June 30, 2012**	As at June 30, 2011
UK	**18,284.18**	13,409.84	**5,823.16**	4,809.30
North America	**33,113.05**	25,282.31	**8,777.25**	3,077.33
Others	**8,758.90**	7,967.66	**4,568.39**	3,561.44
Segmental Assets/Liabilities	**60,156.13**	46,659.81	**19,168.80**	11,448.07
Unallocated Corporate Assets/Liabilities	**7,657.42**	11,510.95	**1,215.67**	1,483.06
Total Assets/Liabilities	**67,813.55**	58,170.76	**20,384.47**	12,931.13

	Year ended June 30, 2012	Year ended June 30, 2011
Capital expenditure		
UK	**260.02**	555.78
North America	**856.39**	3,738.71
Others	**62.16**	249.12
Unallocated	**433.98**	1,869.98
Total	**1,612.55**	6,413.59
Depreciation and amortization expenses		
UK	**345.19**	310.46
North America	**1,297.86**	1,191.70
Others	**159.47**	245.42
Unallocated	**1,075.85**	1,131.26
Total	**2,878.37**	2,878.84
Non-cash expenses other than depreciation		
UK	**—**	15.76
North America	**10.85**	19.45
Others	**260.84**	72.58
Total	**271.69**	107.79

b. **Information about secondary segments by industry verticals :**

	Year ended June 30, 2012	Year ended June 30, 2011
Revenue from external customers		
Insurance	**28,302.90**	24,574.78
Government	**21,291.07**	13,635.21
Financial Services	**12,745.67**	10,109.68
Others	**9,956.77**	10,543.53
	72,296.42	58,863.19

The information pertaining to carrying amount of segment assets by industry verticals is neither available nor evaluated by management.

37 Previous Year Figures

The consolidated financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures has not impacted recognition and measurement principles followed for preparation of consolidated financial statements.

For Price Waterhouse

Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

KEY STATISTICS

(₹ in Lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total Income	91,619	96,497	72,190	61,421	**73,905**
Operating Profit (EBIDT)	18,205	18,153	9,529	163	**3,536**
Net Profit	12,588	14,116	6,772	(5,594)	**50**
EPS (₹/share)	44.23	52.45	25.15	(20.76)	**0.19**
DPS (₹/share)	10.0	10.00	3.25	-	**-**
Growth in					
Revenue / Income	13%	5%	-25%	-15%	**20%**
Operating Profit	23%	-0.3%	-47.5%	-98%	**-**
Net Profit	18%	12%	-52%	-183%	**-**
Operating Profit Margin	20%	19%	13%	0.3%	**4.8%**
Net Profit Margin	14%	15%	9%	-9%	**0.1%**
Effective Depreciation rate	4%	3%	4%	5%	**4%**
Interest Cover	41.50	31.77	53.33	NA	**5.06**
Return on Networth	34%	31%	13%	-11%	**0.1%**
Debt/Equity	0.22	0.14	0.08	0.04	**0.01**
(Debt includes Preference Shares)					
Current Ratio	1.5	1.7	2.9	1.8	**2.4**
Debtors Turnover (No. of days)	124	77	99	97	**89**
Depreciation/Average Gross Block	11%	7%	6%	6%	**6%**
Dividend Payout	23%	19%	13%	-	**-**
Dividend Yield	2.7%	4.5%	1.3%	-	**-**
Capital Expenditure in Fixed Assets	17,676	4,395	2,286	2,826	**1,574**
Current Investments & Cash and Bank Balances	13,173	23,996	19,752	15,903	**13,785**
Current Investments & Cash and Bank Balances as % of total assets	27%	41%	34%	31%	**18%**
Book Value of Shares	145.84	189.03	203.30	182.07	**198.17**
Market Value to Book Value	2.5	1.2	1.3	0.6	**0.6**
Price Earning Multiple	8	4	10	-	**-**
Group Employees as at the year end	4,071	3,759	3,243	2,905	**3,083**
Offshore (No)	2,870	2,831	2,449	2,138	**2,183**
Onsite (No)	1,201	928	794	767	**900**
Off-shore Facility (Sq.feet)	343,554	343,554	343,554	343,554	**343,554**

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

(forms part of the Directors' Report of the Company's Annual Report FY 2011-12; figures mentioned are on a consolidated basis unless otherwise mentioned).

- **Overview of the Industry and Business Environment**
- **Mastek's business model**
- **Review of financial and operating performance**
- **Business outlook**
- **Internal control systems and risk management**

Cautionary statement:

This Management Discussion and Analysis of the Company's performance and outlook may contain forward-looking statements that set out anticipated performance based on the management's plans and assumptions. Its aim is to facilitate a better understanding of the Company's prospects and make informed decisions. We cannot guarantee that any forward-looking statement will be realized, though we have been prudent in our plans and assumptions. The forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management analysis only as of the date hereof. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. For any further clarification please contact Mastek Investor Relations (investor.relations@mastek.com)

OVERVIEW OF THE INDUSTRY AND BUSINESS ENVIRONMENT

The last three years have presented a myriad of challenges to economies around the globe. 2008-2010 was one of the worst periods of recession which saw cut back in spending across sectors which indirectly had an impact on the IT budgets. In such times, organizations were intent on focusing on efforts that 'kept the lights on' while falling back on any discretionary spends. While the economy did bounce back a bit in CY 2011, the after effects of those events are still being felt with unemployment in US at 9 per cent mark and the widespread instability in many countries of Europe and the Arab nations.

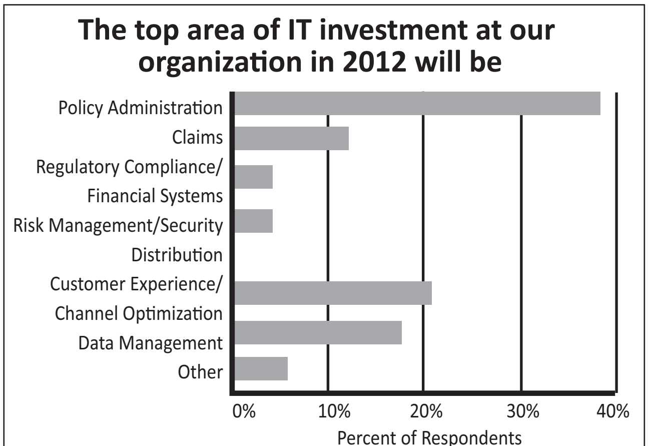
After suffering a major setback during 2011, global prospects are gradually strengthening again, but downside risks remain elevated. Improved activity in the United States during the second half of 2011 and better policies in the euro area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. Accordingly, weak recovery will likely resume in the major advanced economies, and activity is expected to remain relatively solid in most emerging and developing economies. However, the recent improvements are very fragile. Policymakers need to continue to implement the fundamental changes required to achieve healthy growth over the medium term. With large output gaps in advanced economies, they must also calibrate policies with a view to supporting still-weak growth over the near term.

Despite lingering concerns about the global economy and the financial obstacles in 2011, the global outsourcing market recorded a healthy growth amidst record contracting activity during the year. The Total Contract Value (TCV) of IT outsourcing deals in 2011 at USD 95 billion was 3 per cent higher than 2010 and also the highest since 2005 with a record total number of deals at 870.

Having said that, NASSCOM predicts slow growth for India IT-BPO Industry in FY 2012-2013 with growth rate of around 11 - 14% with revenues of around USD 115 billion in FY 2012-13 compared to revenues of around USD 101 billion for FY 2011-12. The year 2012 will be a landmark year as it is for the first time India IT-BPO revenues will cross USD 100 billion mark. In FY 2013, the IT and BPO export revenues is expected to grow at 11-14% (USD 78 billion), while the domestic revenues are slated to grow by 13-16% (USD 37 billion) and reach a total of USD 115 billion. Growth will primarily be driven by new business models and disruptive technologies such as cloud, mobility, analytics, social media, and vertical specific solutions. NASSCOM expects 4.5% growth in the Global Technology spending in 2012 and further predicts that industry can meet the vision 2020 target of touching USD 225 billion by 2020.

From a geographical perspective, US continues to drive a large part of this growth and is expected to grow by about 17% in the current year. Growth in US is being driven by higher demand for IT services and support. Continental Europe and UK, the second largest market for Indian IT exports have seen a marginal decline of about 2% in their share in the last three years. In FY 2012, their combined share is set to be about 28 per cent with UK at USD 12 billion and continental Europe at USD 8 billion. However, there are signs of revival in Europe driven by the increased demand for IT outsourcing, application outsourcing and other support services. Assuming the crisis in Europe does not explode, expectations are that Europe will show a good performance for FY 2013.

From a vertical perspective, BFSI continues to lead spends as far as IT budgets of organizations are concerned and more so with Insurance companies preparing to spend more on information technology. A large proportion of that money will be devoted to replacing legacy core systems, according to recent Information Week's Insurance &Technology (I & T) research done across 37 US Cross-Sector insurers in October 2011. Fifty-two percent of the executives who participated in the survey said their Companies would increase their 2012 IT budgets by 1 percent or more. Of those, 45 percent plan to increase the IT budget by more than 3 percent.



Source: I&T's 2012 Insurance IT Budget Outlook Survey of 37 U.S. Cross-Sector Insurers, Oct. 2011

The top area of IT investment identified by insurers in the I&T poll is policy administration, which garnered 38 percent of the online responses, a full 17 percent more than the next-highest priority, customer experience/channel management. In the live Summit poll, the difference was even more pronounced: 44 percent of participants named policy administration the top priority, compared with just 17 percent who identified claims as the top priority.

Respondents to a Novarica study, U.S. Insurer IT Budgets and Projects for 2012, also overwhelmingly ranked policy administration as the top IT priority for 2012, and Strategy Meets Actions (SMA) 2011 Ecosystem research ranked core systems, including policy administration, claims and billing as the top priority for insurance companies.

IDC Government Insights, recently published a new research study which predicts IT spending for the Western Europe government sector for hardware, software, and IT services will increase from USD 56.6 billion in 2008 to USD 68.5 billion in 2013. Although the recession is causing concern vis-a-vis increases in government social costs and decreases in tax revenues, spending on IT remains relatively stable at this point. The pressure to right size government is likely to become a political issue in some Western European countries, the U.K. for example, and this could result in increased interest in IT as a way to compensate for fewer staff. Although there could be a shift in how money is being spent and growth may be relatively slow, there is unlikely to see any further slowdown in IT spending in the Government space in the next few years.

Indian enterprise IT spending across all industry markets is forecast to reach ₹ 1,910 billion (USD 37 billion) this year, a 16.4 per cent jump from last year in rupee terms. Gartner said growth will moderate to a range of eight to nine per cent through 2016. India would account for 11 per cent of the region's total revenue of USD 29.3 billion for Asia/Pacific this year, or about USD 3.2 billion, or about 1.2 per cent of the total worldwide software market of USD 280 billion. While education segment is expected to achieve the strongest growth in percentage terms in 2012, where the IT spending is forecasted to grow 18 per cent in local currency, the other growth opportunities will remain with the government, financial services and large manufacturing sectors throughout the forecast period, Gartner said.

In conclusion, despite the general muted outlook and strain on economy in different parts of the world, there are pockets of opportunities that could be tapped by the IT industry that has shown resilience time and again and indications are that the same could be true for the years ahead.

MASTEK'S DIFFERENTIATED BUSINESS MODEL AND PERFORMANCE

Mastek aims to bridge business and IT and focuses entirely on enterprise grade business applications in select industries of insurance, financial services, government (public sector), retail, media and telecom.

Mastek is a global software Company with a difference. The Company combines the strengths of a world class product Company and specialised services, a combination that gives a unique position in the market. The focus is on delivering business value and enhanced business capabilities to the clients through a combination of world class enterprise grade products in modern technologies (IP), implementation services and specialised IT services. Additionally the Company has developed a strong focus on modern technologies in the emerging areas of mobility, analytics, business intelligence and business process management.

During the last year, the Company embarked on a strategy to drive the growth agenda of the group by building on strengths in the various markets and geographies. The new direction, involves a geography based go-to-market, based on unique capabilities, world class solutions, deep industry knowledge and strong customer relationships, while harnessing the trends and potential of each market.

Mastek in UK

In the UK – the Company's growth agenda is based on the ability to successfully execute large scale complex programs on a fixed bid basis and the portfolio of specialized services and insurance solutions. The Company specifically targets top clients in the government (public sector), healthcare, insurance, financial services, retail, media and telecom industries. While the go-to-market for the government (public sector) continues through large System Integrators (SI), in all other sectors the effort is on taking a direct to client route.

During the year, UK continued to grow and expand top accounts and SI relationships with additional services and successful ongoing deliveries. The Company's technology partnership with Focus Solutions – saw a significant increase in services provided to their clients, as well as 'co-creation' of new age financial planning tools based on iPads.

In the insurance sector, the Company completed significant deliveries of core platforms and related services to Legal & General (L&G), the leader in the group protection market and from this base extended the insurance sector relationships to include other marquee clients.

The Company's assets and expertise in the area of data warehousing was key to winning and expanding the services to one of the leading retailers in UK. In the financial services sector, Financial Services Authority (FSA) was added as a key client during the year.

During the year, in spite of the general sluggish spend on IT, the performance was creditable in terms of successful deliveries, managing costs, adding new accounts and continued expansion of existing accounts.

Revenue Analysis – UK

The revenue analysis for the verticals is tabulated below:

Vertical	**2011-12 (₹ in Lakhs)**	**% of Revenue**	2010-11 ₹ in Lakhs	% of Revenue	Growth %
Insurance	**4,403.7**	**12.6**	6,968.8	24.0	(36.8)
Government	**19,359.6**	**55.5**	12,179.4	41.9	58.9
Other Financial Services	**7,374.6**	**21.1**	6,519.7	22.4	13.1
IT & Other Services	**3,765.4**	**10.8**	3,423.0	11.7	10.0
Total	**34,903.3**	**100.0**	29,090.9	100.0	

Mastek in North America (NA)

In North America (i.e. US and Canada), the Company is positioned uniquely as a provider of modern insurance technology solutions and IT services for both Life & Annuities (L & A) and Property & Casualty (P & C) insurers. Going forward, the Company expects to build on its market position and strong successes in insurance by focusing on the insurance sector.

During the year in the P & C sector, the Company continued its investments in all the solutions namely Billing, Policy Administration Suite, Claims and Product Modeler and the enhancements have been rated highly by leading industry analysts such as Celent, Gartner and Novarica. The market acceptance is added proof of the maturity and solidity of Mastek's product development efforts.

The sales efforts during the year resulted in a number of consistent wins and the momentum should serve as a strong springboard as P & C insurers look to increasingly adopt newer solutions for their operations.

The Company's billing solution was chosen as the modern platform for billing, collection and disbursements by one of the largest P & C insurance carriers, a Fortune 100 Company – for their transformation program. This win is a significant milestone and validates the value of Mastek's solution, services and industry expertise, to top insurers.

The Company's go-to-market efforts of its core insurance solutions to top insurers have been strengthened by partnerships with large SIs and the Big 4. The technology partnerships with Pitney Bowes, Appian and third party solutions from Ipartners, Perr & Knight and ISO continue to provide key capabilities to the client base.

Successful deployments of the Company's solutions continued with go-lives during the year with One Beacon, CNA Canada and other clients reinforcing Mastek's track record of being a dependable partner for its clients' transformation initiatives.

In the Life & Annuities space, the core policy administration solution has been integrated successfully into the Company, and has been chosen by Wawanesa, a Canadian client. In addition, large transformation program at Foresters made significant progress with key modules going live during the year. The strengthening of the core solutions and new technology partnerships in the areas of e-signature with CIC, E-app with Focus 360 establishes the Company as a strong player in the L & A space.

The move to offer specialized services in the areas of data migration, testing, data warehousing and enterprise mobility was received well by existing clients and new engagements in some of these areas have commenced.

All in all, the year was a milestone year – in terms of wins, deployments, partnerships and market momentum that sets a strong growth platform for the coming years.

Revenue Analysis – NA

The revenue analysis for the verticals is tabulated below:

Vertical	**2011-12 (₹ in Lakhs)**	**% of Revenue**	2010-11 ₹ in Lakhs	% of Revenue	Growth %
Insurance	**21,140.6**	**66.6**	15,285.5	59.2	38.3
Government	**-**	**-**	-	-	-
Other Financial Services	**5,106.4**	**16.1**	3,493.7	13.5	46.1
IT & Other Services	**5,517.1**	**17.3**	7,025.2	27.3	(21.5)
Total	**31,764.1**	**100.0**	25,804.4	100.0	

Mastek in India & Asia Pacific (IA)

In India and Asia Pacific region, the Company's strong solutions for Government and Insurance targeting top clients in both sectors will drive the growth agenda in the coming years.

During the year, strong solutions in social justice, e-scholarships and e-municipality have enabled the Company to expand its solution portfolio significantly in the Government Sector. Most of these solutions have been built using strong frameworks and assets built on the Company's long tenure in the government market.

During the year these solutions were successfully deployed at Social Justice Departments in Gujarat and Maharashtra, Tribal Department in Maharashtra, Rural Department of Odisha and Housing Department of Maharashtra. These solutions also garnered a number of awards and recognition namely e-Maharashtra Awards 2012 (Best G2C and Best Urban ICT Initiative), e-India Awards 2011 (Best Urban ICI initiative and Best ICT in Financial Inclusion Initiative).

The Company continued to support and extend tax solutions and have provided extensive additional services to the states of Maharashtra, Orissa and Rajasthan.

The Indian insurance sector continued to be sluggish during the year with limited growth. Despite the cautious outlook, the Company's market leading distribution solution saw increased interest from both Indian insurers as well as the Asia Pacific insurers.

The year saw the successful completion of the major transformation program with one of the largest insurers in the Asia Pacific region. The successful completion of the program is testament to the commitment of the organization to large transformation programs of major carriers and the ability to maintain tight control on profitability and margins during the engagement.

In summary, the year for India, Asia Pacific region was a good year, in terms of new wins and solutions implemented in the Government sector, tight program management and focus on costs of delivery which ensured profitability.

Revenue Analysis – IA

The revenue analysis for the verticals is tabulated below:

Vertical	**2011-12 (₹ in Lakhs)**	**% of Revenue**	2010-11 ₹ in Lakhs	% of Revenue	Growth %
Insurance	2,758.6	49.0	2,320.4	58.5	18.9
Government	1,931.4	34.3	1,455.7	36.7	32.7
Other Financial Services	264.7	4.7	96.4	2.4	174.6
IT & Other Services	674.3	12.7	95.4	2.4	606.8
Total	5,629.0	100.0	3,967.9	100.0	

REVIEW OF FINANCIAL AND OPERATING PERFORMANCE

Financial performance review

After a period of decreasing revenues and eroding profitability, the last financial year saw the Company turnaround. Some of the key initiatives that the Company undertook last year were: positioning the Company with a well-crafted sales strategy leveraging its core competencies; aligning the delivery organization to focus on improving the overall productivity and efficiency levels within projects; centralized monitoring of projects; strong governance on review and performance against budgets; turning around low margin business; cost reduction initiatives; and lean bench management. All these measures have had a positive effect and we continue to focus on these initiatives as we move forward.

The Company is witnessing a positive momentum in the business, specifically in the insurance space in the United States, where Mastek has garnered substantial wins in the last fiscal and is expected to continue the trend going forward. During the fiscal 2012, the Company has added 21 new logos as compared to 14 in fiscal 2011 and ended the year with a 12 month order backlog of ₹ 48,515.1 lakhs up 58.6% as compared to ₹ 30,599.1 lakhs in June 2011.

Financials

On a consolidated basis, the Company registered a total operating revenue of ₹ 72,296.4 lakhs in FY2012. This represents a 22.8% increase compared to ₹ 58,863.2 lakhs in the preceding year. As a consequence, the Company registered a net profit of ₹ 50.0 lakhs in FY 2012 as compared to a loss of ₹ 5,594.3 lakhs in FY 2011.

Break up of Revenue by regions

Region	2011-12		2010-11	
	₹ in Lakhs	% of revenue	₹ in Lakhs	% of revenue
North America	**31,764.1**	**43.9**	25,804.4	43.8
Europe	**34,903.3**	**48.3**	29,090.9	49.4
Others (India / Asia Pacific)	**5,629.0**	**7.8**	3,967.9	6.8
Total	**72,296.4**	**100.0**	58,863.2	100.0

The North American operations, registered a growth of 23.1% to ₹ 31,764.1 lakhs from ₹ 25,804.4 lakhs last year, primarily due to growth in the insurance segment, both in the L & A and P & C space.

The European operations (primarily UK) contributed ₹ 34,903.3 lakhs in revenues, as compared to ₹ 29,090.9 lakhs during the corresponding period last year. The growth of 20% was led by increased business in the government vertical followed by financial services and others.

The growth of 41.8% in the India Asia Pacific region was driven by good level of wins from India Government side.

Break up of Revenue by verticals

Vertical	2011-12		2010-11	
	₹ in Lakhs	% of revenue	₹ in Lakhs	% of revenue
Insurance	**28,302.9**	**39.1**	24,574.8	41.7
Government	**21,291.1**	**29.5**	13,635.2	23.2
Financial Services	**12,745.7**	**17.6**	10,109.7	17.2
IT & Other Services	**9,956.7**	**13.8**	10,543.5	17.9
Total	**72,296.4**	**100.0**	58,863.2	100.0

While the insurance vertical in the UK remained subdued, the large part of the growth of 15.2% was led by a strong momentum in the insurance vertical in the US.

The Government vertical grew by 56.2% supported by good level of business in UK from existing partners and a robust deal flow from India government.

The Financial Services witnessed growth both within the US and the UK, clocking a growth of 26.1%, whereas IT and other services saw a drop of 5.6% primarily due to volume fluctuations in the US geography.

Profitability

The Company ended the year with a profit of ₹ 50.0 lakhs in FY 2012 compared to a net loss of ₹ 5,594.3 lakhs in FY 2011. The return to profitability was driven by the following initiatives:

- Positioning the Company with a well-crafted sales strategy leveraging its core competencies resulting in improved order win ratios and expansion of the sales pipeline
- Improving the overall productivity and efficiency at project levels across the three geographies.
- Cost improvement initiatives
- Higher foreign exchange realizations as compared to previous year

While operating revenues grew 22.8%, the employee benefits expense together with consultancy charges paid to sub-contractors grew by 14.2%. Travel costs grew by 23.4% led by increased sales momentum and activities across the three geographies. While other operating expenses grew by 9.2%, depreciation and amortization expenses remained flat in absolute terms. Forex loss during the year of ₹ 580.0 lakhs was primarily on account of mark to market losses on forward covers whereas in the previous year, the Company had a forex gain of ₹ 1,030.5 lakhs which is reflected as part of other income.

During the year, the Company adopted hedge accounting as per Accounting Standard 30 (AS-30) with effect from October 1, 2011.

Balance Sheet

Non-current Assets

A) Fixed Assets

Tangible assets as at June 30, 2012 were ₹ 7,760.1 lakhs as compared to ₹ 9,091.2 lakhs the previous year. This included a gross addition of ₹ 926.3 lakhs for purchase of computers,furniture and fixtures, etc. and after considering depreciation of ₹ 1,865.4 lakhs for the year. Intangible assets as at June 30, 2012 were ₹ 17,862.1 lakhs as compared to ₹ 14,948.2 lakhs the previous year. This included an addition of ₹ 686.3 lakhs on account of Goodwill and purchase of computer software and after considering depreciation of ₹ 999.1 lakhs for the year and foreign exchange translation adjustment of ₹ 3,226.8 lakhs.

B) Long-term loans and advances

Long term loans and advances were ₹ 5,413.2 lakhs as compared to ₹ 4,381.2 lakhs as at the end of previous year. The increase was mainly on account of advance income tax, net of provisions at ₹ 2,525.3 lakhs as at the end of June 30, 2012 as compared to ₹ 1,860.0 lakhs as at the end of June 30, 2011.

Current Assets

A) Current Investments and Cash and Bank Balances

The total current investments and cash and bank balances as on June 30, 2012 was ₹ 13,785.4 lakhs as compared to ₹ 15,719.5 lakhs in the previous year. The difference was primarily on account of repayment of long term debt of ₹ 1,341.0 lakhs and the balance due to the investments in the net working capital and fixed assets made during the year.

B) Trade Receivables

Trade receivables as at June 30, 2012 stood at ₹ 18,047.0 lakhs as compared to ₹ 10,806.4 lakhs as at June 30, 2011. The increase is in line with the increase in the revenue and due to a higher translation rate of the North America and UK receivables.

C) Short Term Loans and Advances and Other Current Assets

The short term loans and advances was at ₹ 2,081.6 lakhs as at June 30, 2012 as compared to ₹ 1,375.6 lakhs as at June 30, 2011. The increase is on account of service tax credit receivable at ₹ 1,068.1 lakhs as compared to ₹ 672.0 lakhs in the previous year. Other current assets were higher at ₹ 7,737.5 lakhs as at June 30, 2012 as compared to ₹ 5,635.4 lakhs as at June 30, 2011. The increase was primarily on account of unbilled revenue of ₹ 7,402.3 lakhs as compared to ₹ 5,301.2 lakhs.

Shareholders' Funds

Total shareholders' funds as at June 30, 2012 stood at ₹ 53,557.5 lakhs as compared to ₹ 49,070.5 lakhs. The increase was mainly on account of increase in foreign exchange translation reserve from a debit balance of ₹ 250.4 lakhs to ₹ 5,829.5 lakhs and also on account of the hedging reserve account reflecting a debit balance of ₹ 1,681.6 lakhs as compared to nil in the previous year.

Non-current Liabilities

The total non-current liabilities stood at ₹ 4,266.8 lakhs as at June 30, 2012 as compared to ₹ 3,197.9 lakhs as at June 30, 2011. The increase was mainly on account of the provision of ₹ 955.2 lakhs for mark to market losses on derivatives and the balance is on account of increase in provision for employee benefits, in line with increase in the business.

Current Liabilities

The total of current liabilities as at June 30, 2012 was ₹ 17,463.3 lakhs as compared to ₹ 12,244.6 lakhs as at June 30, 2011. The increase has been mainly on account of increase in unearned revenues by ₹ 3,620.7 lakhs and the provision of ₹ 1,369.6 lakhs for mark to market losses on derivatives and the balance is on account of increase in other current liabilities and short term provisions.

Operations review

Operational delivery within Mastek has always been a core attribute. The Company aligned the delivery organization to focus on improving the overall productivity and efficiency levels within projects. Some of the key initiatives undertaken during the year included:

a. Establishment of a Delivery Assurance Index and tracking the same for early-warning of risks associated with projects.

b. Month-wise improvement on project performance against cost metrics arising out of strong governance and control on effort and schedule variances.

c. Turning around of low margin projects.

d. Bench management with better planning of resource in-take as also controlling of ageing of resources on bench.

e. Grade-mix improvement and overall project management through a culture of cost-optimisation.

Despite the economic downturn and drop in overall business performance during the last two years, the Company continued to invest in product development of the insurance platforms in North America. During the year FY 2011-12, the Company spent ₹ 4,487.1 lakhs as compared to ₹ 3,978.7 lakhs in the previous year.

Some of the key business and performance highlights for the year include:

Multiyear agreement with Fortune 100 insurance and financial service major: The Company signed a multi-year license, implementation and maintenance engagement for its STG Billing solution with a Fortune-100 insurance and financial services Company. The initial value of the contract is USD 30 million (around ₹ 16,683 lakhs).

As a part of this contract, Mastek will modernise the Company's enterprise billing and payments platform across all the lines of insurance and financial products. The client is one of the leading companies in the North America insurance and financial industry and is undertaking a multi-year transformation engagement to streamline their internal operations. MajescoMastek was selected after an extensive due-diligence phase that resulted in a comprehensive evaluation of STG Billing solution fit for their end-user business, internal operational and technology roadmap.

Tie-up with CNA Canada: The Company tied up with CNA Canada and is implementing the STG Policy Administration system to administer CAN's commercial auto fleet line of business. Implemented using a private cloud model, the new system has enabled CNA Canada to automate underwriting and policy processing workflow to support growth and maintain a strong competitive position through improved time to market and continued superior service to broker partners.

Fortune 1000 Company Selects STG Billing: COUNTRY Financial, a Fortune 1000 insurance and financial services Company selected STG Billing as the billing component for its core systems legacy replacement and modernization initiative. STG Billing will be used to streamline the billing processes for COUNTRY Financial's portfolio of personal lines products which includes auto, home and agri business. COUNTRY Financial will also leverage the Insurance Content Manager (ICM), a toolkit designed for business users to maintain their own content for business rules, security access control and other configurable data.

Tie-up with Wawanesa Life: Wawanesa Life Insurance Company selected Elixir North America as its new policy administration system for individual life and annuity products. Wawanesa Life's goal is to replace its current multiple legacy mainframe systems environment with a single, modern technology platform. After an extensive review of available offerings, Wawanesa Life selected the Company's Elixir solution as the best fit end-to-end platform available to meet Wawanesa Life's objectives of straight through automated processing, reduced product development time and enhanced customer service.

Deal win with Cypress Insurance Group Inc.: Cypress Insurance Group Inc. selected the Company's STG Suite of products and insurance IT services. The single system will replace Cypress's multiple existing systems currently used for policy, underwriting, rating, billing, and management of the distribution channel. The Cypress selection validates the Company's market position as a provider of complete, integrated, and end-to-end solutions for the property and casualty market.

The STG solution was provided to Cypress through a Software-as-a -Service (SaaS) delivery model as part of a multi-year outsourcing agreement which will include a combination of onshore and offshore support. Cypress chose the Company's billing solution due to the robustness of the policy administration capabilities and the integrated solution built on best-of-breed components for Policy Administration, Billing and Distribution Management.

Partnership with Appian: The Company partnered with Appian, the global innovator in enterprise and cloud-based business process management (BPM) software to offer financial services and insurance industry clients the combined benefits of the Appian BPM Suite and the Company's proven domain knowledge, global engagement delivery model, and systems integration expertise.

Through this partnership financial services and insurance clients can leverage Mastek's extensive expertise in architecting, designing, and implementing mission-critical enterprise applications and thereby fully realize the benefits of the Appian offering for greater customer engagement, more nimble operations and reduced costs.

Update on Board of Directors: The Mastek Board currently has 8 members, of which 4 are Independent Directors and the remaining 4 are Promoter Directors.

During the year under review, Mr. S. Sandilya was appointed as an Additional Director of the Company with effect from January 19, 2012 & is proposed to be appointed as Director liable to retire by rotation in ensuing Annual General Meeting. He is an Independent Director on the Board.

During the year under review, Mr. Diwan Arun Nanda and Mr. Anil Singhvi resigned as Directors of the Company due to pre-occupation, with effect from July 25, 2011 and October 18, 2011 respectively. The Board expressed its sincere appreciation of the valuable services rendered by Mr. Diwan Arun Nanda and Mr. Anil Singhvi during their tenure as Directors of the Company.

People Strength: As on June 30, 2012, the Company had a total of 3,083 employees, of which about 29% were based on-site while the rest were at various offshore locations. The Company continues to recruit fresh talent and intends to add more technical resources at various levels during the new fiscal.

Recognitions and ratings: Mastek's efforts to emerge as a high-end IT solutions provider of choice have been gaining recognition, with some key ones summarized below:

CelentXCelent Awards for STG Billing: The Company was declared a dual-winner in Celent'sXCelent awards for its STG Billing system which profiled 13 other billing systems. MajescoMastek's STG Billing won two XCelent Awards for its top scores in advanced technology and customer base.

The Celent report utilizes the ABCD Vendor View, Celent's standard representation of a vendor marketplace, designed to show at a glance the relative positions of each vendor in four categories: Advanced technology, Breadth of functionality, Customer base, and Depth of service. The awards validate and highlight STG Billing's continued leadership position in the North American Property & Casualty (P&C) market.

Elixir North America Policy Administration System Named CelentXCelent Award Winner: The Company's Elixir North America Policy Administration System (PAS) (formerly SEG's Policy Administration system) has been named a CelentXCelent Award winner. Elixir North America earned the award for Leading Advanced Technology among the 18 policy processing systems profiled in Celent's North American Policy Administration System 2011 Life, Annuities and Health report. The Celent report highlights customer feedback including comments on the system's "ability to bring new products to market quickly" and the "ability of the business users to program the product calculations," with customers giving product design/development their highest rating.

Mastek, either directly or through its clients was also recipient of many awards in India, notable among those being:

- Apollo Munich Health Insurance won Celent Model Insurer Asia 2011 Award for the solution developed by Mastek.
- One of Mastek's customer, Commercial Tax Department, Government of Odisha, won the jury award for 'The Best Project under the Government to Business (G2B) Category' at the eWorld Forum for our e-Services solution.
- Mastek and its client, Department of Social Justice & Special Assistance, Government of Maharashtra, won the jury award for 'Best ICT in Financial Inclusion Initiative of the year' at the eIndia Awards for the e-Scholarship solution developed by Mastek.
- Mastek and its client, Maharashtra Housing and Area Development Authority (MHADA), Government of Maharashtra, won the jury award for 'Best Urban ICT Initiative of The Year' award at the eIndia Awards for the Integrated Housing Lottery Management System (IHLMS) solution developed by Mastek.
- Mastek's 'Claims Surveyor' solution won IDC's FIIA Award for Innovation in Mobility.

BUSINESS OUTLOOK

There are huge market opportunities in both the segments the Company operates in - Insurance and Government. The market, in these geographies, has appreciated the fact that Mastek plays for the long term. They have seen the Company continuing to invest in product development, sales & marketing; and capacity building. These investments have started paying off and will continue to do so in FY 2013 and beyond.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Mastek's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrices and to identify opportunities and risks with regard to its business operations.

Internal control systems

The Company has mechanisms in place to establish and maintain adequate internal controls over all operational and financial functions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines, and regulations as applicable in a transparent manner.

Mastek maintains adequate internal control systems that provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. The Company uses an enterprise resource planning (ERP) package that enhances the efficiency of its internal control mechanism.

The Company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Mastek has appointed an independent audit firm as its Internal Auditors, and the Audit Committee reviews its findings and recommendations at periodic intervals. Mastek's internal control system is adequate considering the nature, size and complexity of its business. Mastek has also put in place a strong enterprise risk management function which oversees the risk management of the Company on an ongoing basis.

Enterprise Risk Management : The primary objective of the Enterprise Risk Management (ERM) function is to :

- Provide a framework that enhances risk response decisions
- Reduce operational surprises and thereby losses
- Identify and manage cross-enterprise risks

The ERM policy, approved by the Board, lays down the risk management process, expected outcomes, governance and reporting structure. The policy also stresses on the importance of having a strong risk culture for ERM to succeed.

Risk Governance Structure : Mastek has put in place a strong risk governance model to ensure risk management principles are followed throughout the organization and a risk culture inculcated. This ERM process and policy is approved by the Governance Committee of the Board and is executed through the Risk Management Committee (RMC) represented by the business and functional heads within Mastek. The RMC is responsible for:

- Being the primary champion of risk management at strategic and operational level
- Setting policy and strategy for enterprise risk management
- Ensuring that risk management policies are implemented with the right spirit through a monitoring mechanism
- Building a risk aware culture within the organization including appropriate trainings
- Informing the Board (through the Audit Committee) about the ERM status & top risks of the Company on a timely basis

Risk Champions : The RMC is supported by the risk champions who are responsible for:

- providing oversight to line managers who manage risk on a day-to-day basis
- promoting risk awareness within their operations

- ensuring that risk management is incorporated right from the conceptual stage of projects / opportunities
- ensuring compliance to the risk management procedures
- providing periodic reports to the RMC

  A discussion of key risks and concerns, and measures aimed at mitigating them, are discussed in the following paragraphs.

Strategic risks: The Company could be susceptible to strategy, innovation, and business or product portfolio related risks if there is any significant and unfavourable shift in industry trends, customer preferences, or returns on R&D investments. Mastek does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent. The Company's investments in intellectual property creation too are being done in a measured manner and are focused more on extending and strengthening existing offerings rather than on new business or end-use/application areas.

Macro-economic risks: Risks emanating from changes in the global markets such as the recent financial meltdown, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movements in economic cycles in the Company's target markets and volatility in foreign currency exchange rates could have a negative impact on the Company's performance. This risk is mitigated to some extent due to the Company's presence in multiple, diverse markets from Europe to Malaysia and India. The Company also takes necessary steps such as forex hedging to mitigate exchange rate risks.

Competition-led risks: Mastek operates in a highly competitive industry, replete with much bigger competitors, in both India and abroad. Shifts in clients' and prospective clients' dispositions could affect its business. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.

Dependence on Key Personnel: Mastek has one of the best management teams in the industry and this has been a critical enabler of its operating successes. Any loss of personnel through attrition or other means may have an impact on the Company's performance. Mastek does endeavor to have an effective succession plan in place to mitigate these risks.

Client and account risks: The Company's strategy is to engage with a few strategic customers and build long-term relationships with them. Any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook. Mastek does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

Contractual, execution and delivery related risks: The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. Mastek does have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.

Acquisition/M&A related risks: Well-considered, properly evaluated and strategic acquisitions form part of the Company's growth strategy. There is no guarantee, however that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the Company would undertake all due care and diligence in the process of making any acquisition.

In addition to the aforementioned issues, there are multiple other risk factors that the Company believes it will need to take cognizance of and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions. The Company does take necessary insurance or related cover in cases as necessary.

FREQUENTLY ASKED QUESTIONS (FAQs) 2012

Shareholders and Investors are advised to go through the Section on Management Discussion & Analysis and Investor Information provided in the Report on Corporate Governance, as these and other parts of this Annual Report provide substantial information about the Company that you may find relevant and useful.

1. **WHEN WAS MASTEK LIMITED INCORPORATED AND WHEN DID IT HAVE ITS INITIAL PUBLIC OFFER?**

   Mastek Limited was incorporated in the name and style of Management and Software Technology Private Limited on May 14, 1982. The first public offering was made in December 1992 at a price of ₹ 70/- (Premium ₹ 60/-) followed by another public issue in 1996 at a price of ₹ 190/- (premium of ₹ 180). The Company issued bonus shares in the ratio of 1:1 in January 2000. The Company's share were subdivided from ₹ 10/- to ₹ 5/- in November 2000. The Company issued bonus shares in the ratio of 1:1 in April 2006.

2. **WHICH ARE THE SUBSIDIARIES OF MASTEK LIMITED AND WHERE ARE THEY LOCATED?**

   Mastek Limited has the following subsidiaries located in respective countries:

   MajescoMastek in the USA

   Mastek (UK) Limited in the United Kingdom

   Mastek Asia-Pacific Pte.Ltd in Singapore

   Mastek MSC Sdn Bhd in Malaysia

   Mastek GmbH in Germany

   Vector Insurance Services LLC in USA

   System Task Group International Ltd. in USA

   Mastek MSC Thailand Co. Ltd in Thailand

   MajescoMasek Canada Ltd in Canada

   In addition to the above subsidiaries, Mastek has a branch in UK.

3. **WHAT IS THE CORE BUSINESS OF MASTEK LIMITED**?

   Mastek is an IT solutions player with global operations providing new technology and intellectual property led enterprise solutions to insurance, government and financial services organizations worldwide. Mastek's strengths are in architecting solutions for large, complex and mission critical business problems, and delivering these solutions with high levels of predictability.

4. **WHAT IS THE EMPLOYEE STRENGTH OF MASTEK GROUP?**

   As on June 30, 2012, Mastek Group had 3083 employees.

5. **HOW MANY SOFTWARE DEVELOPMENT CENTRES DOES MASTEK HAVE?**

   Mastek has seven development centers out of which five are located in around Mumbai, India and one each in Pune and Chennai, India.

6. **HOW MANY MARKETING OFFICES DOES MASTEK HAVE?**

   Mastek has 11 Marketing offices located across multiple geoghraphics: 2 in UK, 1 each in Germany, Singapore, Malaysia, Bangkok in Thailand, 1 each in New York and New Jersey in the US, 1 in Canada and domestic marketing offices in Mumbai and New Delhi.

7. **WHAT IS THE FISCAL YEAR FOR MASTEK?**

   The fiscal year for Mastek is a period of 12 months starting July 01, every year.

8. **WHAT IS THE DIVIDEND TRACK RECORD OF MASTEK LIMITED**

Fiscal Year	Share Outstanding in Mn.	Dividend per share ₹	Total Dividend in ₹ In Mn.
1993	3	2.50	4.68
1994	3	3.50	10.50
1995	3.06	3.50	10.53
1996	3.46	3.50	10.99
1997	3.46	3.50	12.10
1998	3.46	3.50	12.10
1999	3.46	4.00	13.82
2000	6.91	4.00	27.65
2001*	13.88	2.00	27.7
2002*	13.94	3.00	41.91
2003*	14.11	3.00	42.34
2004*	13.88	3.00	41.64
2005*	13.87	7.50	103.61
2006*	28.14	6.50	140.31
2007*	28.46	7.50	213.23
2008*	27.62	10.00	275.73
2009*	26.89	10.00	268.99
2010*	26.94	3.25	87.57
2011	26.95	-	-
2012	27.02	-	-

* indicates dividend on face value of ₹ 5 per share

9. **HOW DOES ONE GET THE ANNUAL REPORT AND QUARTERLY RESULTS OF MASTEK?**

   The Annual Report as well as quarterly results along with analysis are available on our website www.mastek.com in the "Investors" section.

10. **WHO IS THE SHARE TRANSFER AGENT?**

    The Share Transfer Agent of Mastek is SHAREPRO SERVICES, whose address appears below:

    Samhita Warehousing Complex,
    13AB, Gala No. 52,
    Nr. Sakinaka Telephone Exchange,
    Off Andheri-Kurla Road,
    Andheri (East),
    Mumbai – 400 096
    Phone: 67720300/6772 0372 / Fax : 2837 5646
    e-mail: Sarita@shareproservices.com /Indira @shareproservices.com
    Contact Person: Ms. Indira Karkera / Ms. Sarita

11. HOW DOES ONE TRANSFER HIS/HER SHARES OR CHANGE THE ADDRESS WITH THE TRANSFER AGENT?

For the transfer of shares in physical form and noting your change of address, you need to write to our share transfer agent at the above mentioned address.

Transfer of shares in the electronic mode is effected through your depository participant.

12. WHOM DOES ONE CONTACT IN CASE OF NON-RECEIPT OF DIVIDEND, LOSS OF SHARES CERTIFICATES ETC?

You may contact Sharepro Services, which will advise you accordingly. You may also communicate with the Company in the event of any unresolved issues via Email at investor_grievances@mastek.com.

13. IS ELECTRONIC CLEARING SERVICES (ECS) FACILITY AVAILABLE FOR PAYMENT OF DIVIDEND?

Mastek extends ECS facilility to all its shareholders. The dividend amount of shareholders availing ECS facility is directlly credited to their bank accounts. Shareholders holding shares in physical form have to submit an ECS Mandate form to Sharepro Services whose address is given above.

14. WHICH ARE THE STOCK EXCHANGES WHERE MASTEK SHARES ARE LISTED?

Mastek's Shares are listed in India on National Stock Exchange of India Limited and Bombay Stock Exchange (BSE).

15. HOW CAN THE SHARES BE DE-MATERIALISED AND WHO ARE THE DEPOSITORY PARTICIPANTS (DP)?

Mastek's shares are traded only in electronic form with effect from June 2000. Shares can be dematerialised by opening the demat account with the depository participant (DP). DPs are some of the banks, brokers and institutions who have been registered with National Securities Depository Limited (NSDL) or Central Depository Services (I) Limited (CDSL). A comprehensive list of DPs is available at www.nsdl.com and www.cdslindia.com.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors has pleasure to forward the following Report for the Financial Year ended on June 30, 2012.

1. **FINANCIAL RESULTS – CONSOLIDATED RESULTS OF MASTEK LIMITED AND ITS SUBSIDIARIES**

₹ In lakhs

PARTICULARS	**Year ended June 30, 2012**	Year ended June 30, 2011
Income from IT Services	**72,296.43**	58,863.19
Other operating Revenue	**123.59**	547.02
Other Income	**1,485.45**	2011.14
Total Revenue	**73,905.47**	61,421.35
Expenses other than Depreciation, Amortization expenses and Finance costs	**70,369.16**	61,258.37
Depreciation & Amortization Expenses	**2,878.37**	2878.84
Finance Costs	**129.94**	116.19
Profit / (Loss) Before Exceptional Item and Tax	**528.00**	(2,832.05)
Exceptional item	**-**	2,719.93
Profit / (Loss) Before Tax	**528.00**	(5,551.98)
Tax, Expenses	**477.97**	42.36
Profit / (Loss) After Tax	**50.03**	(5,594.34)

FINANCIAL RESULTS - MASTEK LIMITED

₹ In lakhs

PARTICULARS	**Year ended June 30, 2012**	Year ended June 30, 2011
Income (including other Income)	**46,345.50**	41,323.04
(Loss) before Tax	**(601.09)**	(557.35)
Tax expense/(credit)	**(43.81)**	(423.91)
(Loss) after Tax	**(557.28)**	(133.44)
Add: Profit brought forward from Previous Year	**24,802.08**	24,935.52
Reserves on Amalgamation of Keystone Solutions Private Limited with Mastek Limited	**2,108.93**	—
Profit available for appropriation	**26,353.73**	24,802.08
Interim Dividend	**-**	-
Final Dividend	**-**	-
Corporate Dividend Tax	**-**	-
Transferred to General reserve	**-**	-
Balance carried to Balance Sheet	**26,353.73**	24,802.08

2. **RESULTS OF OPERATIONS**

A) Mastek Consolidated Operations

After a couple of years of decreasing revenues and eroding profitability, the last financial year saw the Group turnaround. The turnaround can be attributed primarily due to a focused approach by the management team driving sales enhancing strategies, margin improvement initiatives and the continued investment in product development spends in the insurance segment in North America.

The Group is witnessing a positive momentum in the business, specifically in the insurance space in North America, where the Company has garnered substantial wins in the last fiscal and expects the trend to continue. During the fiscal 2012, the Group has added 21 new logos as compared to 14 in fiscal 2011 and ended the year with a strong 12 month order backlog of ₹ 48,515.1 lakhs up 58% as compared to ₹ 30,599.1 lakhs in June 2011.

Financials

On a consolidated basis, the Group registered total operating revenue of ₹ 72,296.4 lakhs in FY2012. This represents a 22.8 % increase compared to ₹ 58,863.2 lakhs in the preceding year. As a consequence, the Group registered a net profit of ₹ 50.0 lakhs in FY 2012 as compared to a loss of ₹ 5,594.3 lakhs in FY 2011.

Break up of the Operating Revenue by regions

Region	**2011-12**		2010-11	
	₹ in lakhs	**% of revenue**	₹ in lakhs	% of revenue
North America	**31,764.1**	**43.9**	25,804.4	43.8
Europe	**34,903.3**	**48.3**	29,090.9	49.4
Others (India / Asia Pacific)	**5,629.0**	**7.8**	3,967.9	6.8
Total Operating Revenue	**72,296.4**	**100.0**	58,863.2	100.0

The North American operations, registered a growth of 23.1% to ₹ 31,764.1 lakhs from ₹ 25,804.4 lakhs last year primarily due to growth in the insurance segment both in the L & A and P & C space.

The European operations (primarily UK) contributed ₹ 34,903.3 lakhs in revenues, as compared to ₹ 29,090.9 lakhs during the corresponding period last year. The growth of 20% was led by increased business in the government vertical followed by financial services and others.

The growth of 41.8 % in the India Asia Pacific region was driven by good level of wins from the India Government side.

Break up of the Operating Revenue by Verticals

Vertical	2011-12		2010-11	
	₹ in lakhs	**% of revenue**	₹ in lakhs	% of revenue
Insurance	**28,302.9**	**39.1**	24,574.8	41.7
Government	**21,291.1**	**29.5**	13,635.2	23.2
Financial Services	**12,745.7**	**17.6**	10,109.7	17.2
IT & Other Services	**9,956.7**	**13.8**	10,543.5	17.9
Total Operating Revenue	**72,296.4**	**100.0**	58,863.2	100.0

While the insurance vertical in the UK remained subdued, the large part of the growth of 15.2 % was led by a strong momentum in the insurance vertical in North America.

The Government vertical grew by 56.2 % supported by good level of business in the UK from existing partners and a robust deal flow from India government.

The Financial Services witnessed growth both within the US and the UK, clocking a growth of 26.1 %, whereas IT and other services saw a drop of 5.6% primarily due to volume fluctuations in North America.

Profitability

The Group ended the year with a profit of ₹ 50.0 lakhs in FY 2012 compared to a net loss of ₹ 5,594.3 lakhs in FY 2011. The return to profitability was driven by the following initiatives:

- Positioning the Group with a well-crafted sales strategy, leveraging its core competencies, resulting in improved order win ratios and expansion of the sales pipeline.
- Improving the overall productivity and efficiency at project levels across the three geographies.
- Various cost improvement initiatives.
- Higher foreign exchange realizations as compared to previous year.

While operating revenues grew 22.8%, the employee benefits expense together with consultancy charges paid to sub-contractors grew by 14.2%. Travel costs grew by 23.4% led by increased sales momentum and activities across the three geographies. While other operating expenses grew by 9.2%, depreciation and amortization expenses remained flat in absolute terms. Forex loss during the year of ₹ 580.0 lakhs was primarily on account of mark to market losses on forward covers whereas in the previous year, the Group had a forex gain of ₹ 1030.5 lakhs which is reflected as part of other income.

During the year, the Company adopted hedge accounting as per Accounting Standard 30 (AS-30) with effect from October 1, 2011.

(A more detailed discussion of the Company's business model, strategy and performance appears in the Management Discussion & Analysis section of this annual report.)

B) Mastek standalone operations

On a stand-alone basis, Mastek reported an operating income of ₹ 44,977.1 lakhs for FY 2012 as compared to ₹ 35,932.9 lakhs for FY 2011. The Company made a Net Loss of ₹ 557.3 lakhs compared to the Net Loss of ₹ 133.4 lakhs in FY 2011.

C) Update on Board of Directors

During the year under review, Mr. S. Sandilya was appointed as an Additional Director of the Company with effect from January 19, 2012 & is proposed to be appointed as Director liable to retire by rotation in ensuing Annual General Meeting. He is an Independent Director on the Board.

During the year under review, Mr. Diwan Arun Nanda and Mr. Anil Singhvi resigned as Directors of the Company due to their pre occupation,with effect from July 25, 2011 and October 18, 2011 respectively. The Board expressed its sincere appreciation of the valuable services rendered by Mr. Diwan Arun Nanda and Mr. Anil Singhvi during their tenure as Directors of the Company.

3. BUSINESS OUTLOOK

There are huge market opportunities in both the segments that we operate in - Insurance and Government. The market, in these geographies, has appreciated the fact that Mastek plays for the long term. They have seen us continuing to invest in product development, sales, marketing and capacity building. These investments have started paying off and will continue to do so in FY 2013 and beyond.

4. MERGER

The scheme of merger of Keystone Solutions India Private Limited (step down subsidiary) with the Company was approved by Hon'ble Bombay High Court vide its order dated December 2, 2011 and Gujarat High Court vide its order dated July 7, 2011. The appointed date of the merger scheme is 1st Day of July 2011.

5. LIQUIDITY

The Company continues to maintain a reasonably high level of Cash and Bank Balances and Investments in Mutual Funds which enable it to not only eliminate short and medium-term liquidity risks but also provide the leverage to scale up operations at a short notice. The amount of Cash and Bank Balances and Investments in Mutual Funds stand at ₹ 13,785.4 Lakhs which amounted to 65 days of expenses and ₹ 51.0 per share.

During the year, Mastek invested surplus funds in Liquid Schemes and Fixed Maturity Plans of leading Mutual Funds and Fixed Deposits with leading Banks.

6. **AUDITED ACCOUNTS OF SUBSIDIARY COMPANIES**

In view of the Circular No.2/2011 dated February 8, 2011 issued by the Government of India, Ministry of Corporate Affairs, New Delhi, the accounts of subsidiary companies are not attached to the audited accounts of the Company. The Board of Directors of the Company at its meeting held on July 27, 2012 has given its consent for not attaching the Balance Sheets of the subsidiaries. We, hereby, undertake that the Annual Accounts of subsidiary companies and related detailed information shall be made available to the shareholders at any point of time. Copies of the annual accounts of subsidiary companies shall also be available for inspection by any shareholder at the registered office of the Company.

7. **ISSUE OF SHARE CAPITAL**

During the year, the Company allotted 75,000 equity shares of ₹ 5/- each to its eligible employees who exercised their options under Employee Stock Option Plan.

8. **DIVIDEND**

In view of the loss incurred in Mastek Limited during the year and to conserve Cash resources for future business operations, the Directors do not propose a Dividend for the year ended June 30, 2012.

9. **REMUNERATION PAID TO CHAIRMAN & MANAGING DIRECTOR AND EXECUTIVE DIRECTOR AND APPROVAL OF APPOINTMENT AND REMUNERATION FOR A PERIOD OF THREE YEARS WITH EFFECT FROM JULY 1, 2011 TO JUNE 30, 2014.**

In the previous year's Annual General Meeting, the shareholders of the Company had given consent by approving Special Resolution for waiver for recovery of excess remuneration paid to Mr. Sudhakar Ram, Chairman and Managing Director and Mr. Radhakrishnan Sundar, Executive Director of the Company aggregating to ₹ 63.36 Lakhs and ₹ 22.50 Lakhs respectively. The Company had thereafter applied to the Ministry of Corporate Affairs (MCA) for its approval to the same. We have pleasure to inform you that both the applications were approved by MCA vide its letter No.B 22 040828/4/2011 dated March 1, 2012 and No.B 22 041347/4/2011 dated March 1, 2012.

Similarly, as approved by the shareholders of the Company by passing Special Resolutions in the previous year's Annual General Meeting, the Company had applied to the Ministry of Corporate Affairs (MCA) for their approval to the appointment and remuneration of Mr. Sudhakar Ram, as Chairman and Managing Director and Mr. Radhakrishnan Sundar as Executive Director of the Company . We have pleasure to inform you that both the applications were approved by MCA vide its letter No. B22064349/4/2011 - CL.VII dated March 1, 2012 and No. B22065346/4/2011 - CL.VII dated March 1, 2012.

10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

ii. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on June 30, 2012, and of the profit/(loss) of the Company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the Company's assets and prevent and detect fraud and other irregularities;

iv. that the annual accounts have been prepared on a going concern basis;

11. **DIRECTORS**

As per Article 134 of Articles of Association of the Company, Mr. Ashank Desai and Mr. Ketan Mehta, Directors of the Company retire by rotation and, being eligible, offer themselves for re-appointment.

During the year ended June 30 2012 the Company has paid an amount of ₹ 648,808 to Mr. Ashank Desai towards benefits/perquisites like re-imbursement of telephone, mobile bills and credit card fees, premium of mediclaim policy and personal accident policy, use of Chauffer driven Company car maintained by Company. The Company has already received an approval of Central Government for the said payment.

The Approval given by Central Government to make payment of benefits/perquisites vide their letter No.SRN No. A71828073CL.VII dated May 13, 2010 has been for a period of 3 (three years) with effect from July 01, 2009 to June 30, 2012.

Mr. Ashank Desai, one of the founders of the Company, being a non-executive director, represents the Company at various industry and public forums, both domestic and international. In view of his long association and in-depth knowledge of the Company and the industry, the Company is immensely benefited by his continuous interaction with Government/Semi-Government organizations. He has been actively involved with industry forums such as NASSCOM, ASSOCHAM and CII. Mr. Desai is the Chairman of Mastek Limited's Corporate Governance Committee and Share Transfer cum Investor Grievance Committee.

Considering the above, the Board has proposed to continue the payment of aforesaid benefits/perquisites to Mr. Ashank Desai for a further period of 3(three) years from July 1, 2012 till June 30, 2015**.** The Monetary value for the said benefits/perquisites shall not exceed ₹ 15 Lakhs per annum. Taxes, if any on the above benefits/perquisites will be borne by the Company.

12. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY.

Pursuant to notifications issued by Ministry of Corporate Affairs, Govt. of India, New Delhi about participation at Board Meetings and General Meetings of Members changes are sought to be introduced in the Articles of Association of the Company to permit the Company to adopt such practices.

Accordingly, following amendments have been proposed in the Articles of Association of the Company for members consideration and approval.

a. Amendment of Article 86 to conduct General Meeting through video conferencing or teleconferencing or through any other electronic or other media as permitted by law

b. Amendment of Article No. 99 to permit voting by shareholders through electronic or other media as permitted by law

c. Amendment of Article No. 147 to determine quorum of Directors participating in Board / Committee meeting through video conferencing or teleconferencing or through any other electronic or other media as permitted by law

13. AUDITORS

You are requested to appoint Auditors and fix their remuneration. The retiring auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 012754N) have confirmed their availability within the limits of section 224(1B) of the Companies act, 1956.

14. HUMAN RESOURCES

Mastek deploys its intellectual capability to create and deliver intellectual property (IP)-led solutions that make a business impact for its global clients. For this, the key success enabler and most vital resource is world-class talent. Mastek continually undertakes measures to attract and retain such high quality talent.

As on June 30, 2012, Mastek Group had a total of 3,083 employees. The Company has resumed recruitment of fresh talent for its different projects.

The Directors wish to place on record their appreciation for the contributions made by employees to the Company during the year under review.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, the report and accounts, excluding the Statement of Particulars under Section 217(2A), are being sent to all members. Any member interested in obtaining a copy of the Statement of Particulars may write to the Company at its Registered Office.

15. EMPLOYEE STOCK OPTIONS

PLAN II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

Particulars	(No. of options)	
	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	-	**7,750**
Granted during the year	-	-
Exercised during the year	-	**(5,250)**
Cancelled during the year	-	**(2,500)**
Balance unexercised options	-	-

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

Particulars	(No. of options)	
	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**279,292**	546,794
Granted during the year	**-**	-
Exercised during the year	**-**	-
Cancelled during the year	**(184,542)**	(267,502)
Balance unexercised options	**94,750**	279,292

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

Particulars	(No. of options)	
	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**407,238**	5,13,714
Granted during the year	**-**	-
Exercised during the year	**-**	(2,000)
Cancelled during the year	**(87,404)**	(104,476)
Balance unexercised options	**319,834**	407,238

Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the financial year ended June 30, 2012 and June 30, 2011 have been granted at an exercise price which is equal to the market price of the underlying equity shares except for nil Options (Previous Year 50,000 options), which had been granted at a price less than the market price. Consequently, amortized compensation cost of ₹ 35.00 Lakhs (Previous Year ₹ 88.50 Lakhs) in respect of options granted in earlier periods has been charged to the Profit and Loss account during the current year.

Particulars	(No. of options)	
	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**1,317,348**	891,000
Granted during the year	**46,900**	879,248
Exercised during the year	**(75,000)**	-
Cancelled during the year	**(393,790)**	(452,900)
Balance unexercised options	**895,458**	1,317,348

Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently there is no compensation cost in the current year.

Particulars	(No. of options)	
	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**569,600**	-
Granted during the year	**494,600**	569,600
Exercised during the year	**-**	-
Cancelled during the year	**(10,000)**	-
Balance unexercised options	**1,054,200**	569,600

Disclosure required under SEBI (ESOS& ESPS) Guidelines, 1999

In order to enable the Company to continue with its ESOP, the Company passed special resolutions through postal ballot in January, 2002 for issue of 7,00,000 stock options to its employees. At the Annual General Meeting held on September 20, 2004, the Company passed special resolutions to issue 7,00,000 stock options to its employees. The Company passed special resolutions through postal ballot in August 9, 2007 for issue of 10,00,000 stock options to its employees. On March 20, 2009, the shareholders of the Company approved the further issue of 15,00,000 options to the employees. At the Annual General Meeting of the Company held on October 1, 2010, the shareholders of the Company approved the further issue of 20,00,000 options.

a)	Options granted: Opening	25,73,478
b)	Issued during the year	5,41,500
c)	Pricing formula	Market Price as defined by SEBI from time to time or face value or such price as may be decided by the Compensation committee from time to time
d)	Options vested:	8,48,112
e)	Options exercised	75,000
f)	Total Number of shares arising as a result of exercise of option	75,000
g)	Options lapsed:	6,75,736
h)	Variations of terms of options	NIL
i)	Money realized by exercise of options	₹ 3,75,000/-
j)	Total number of options in force	2,364,242

k) **Employee-wise details of options granted to**:

(1)	Senior managerial personnel:	5
(2)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	1
(3)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
(4)	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	₹ (2.06)

l) The impact of this difference on profits and on EPS of the Company.

(₹ in Lakhs)

(Loss) After Tax	(557.28)
Reduction in employee compensation based on fair value	102.15
Adjusted (Loss) After Tax	(385.13)
Adjusted EPS including extraordinary income (in ₹)	(1.43)

m) Weighted-average exercise price and fair value of Stock Options granted during the year:

Stock options granted on	Weighted average exercise price (in ₹)	Weighted Average fair value	Closing market price at BSE on the date of grant (in ₹)
July 25, 2011	126.95	65.57	126.95
October 19, 2011	95.80	50.03	95.80
January 19, 2012	91.75	46.73	91.75
June 29, 2012	107.80	54.90	107.80

(n) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information: : The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since Option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options.

The option pricing models do not necessarily provide a reliable measure of fair value of options.

The main assumptions used in the Black-Scholes option-pricing model during the year were as follows:

Serial no	Grant Date	July 25, 2011	October 19, 2011	Jan 19, 2012	June 29, 2012
1	Risk Free Interest Rate	8.25 %	8.74 %	8.15 %	8.17 %
2	Expected Life (years)	6	6	6	6
3	Expected Volatility	50.64%	50.50%	49.72%	49.63 %
4	Dividend Yield	1.54%	1.54%	1.54%	1.54%

16. ADDITIONAL INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1968, forming part of the Directors' Report for the year ended June 30, 2012:

a) Conservation of Energy:

As a software Company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation.

Form A is not applicable for software industry.

b) Technology Absorption : Not Applicable

c) Foreign Exchange Earnings and Outgo : Total foreign exchange used and earned by the Company

(₹ in Lakhs)

Particulars	**June 30, 2012**	June 30, 2011
Exchange Used	**20,570.46**	16,208.84
Exchange Earned	**40,797.97**	33,443.79

17. CORPORATE GOVERNANCE

Mastek follows best practices in Corporate Governance by benchmarking them with the best in the world.

18. ACKNOWLEDGEMENTS

The Directors would like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance provided by the SEEPZ Authorities, MIDC, Department of Electronics, ICICI Bank, Standard Chartered Bank Ltd and other government departments and authorities.

By the Order of the Board

Place: Mumbai
Dated: July 27, 2012

Sudhakar Ram
Chairman & Managing Director

AUDITORS' REPORT TO THE MEMBERS OF MASTEK LIMITED

1. We have audited the attached Balance Sheet of Mastek Limited (the "Company") as at June 30, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on June 30, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number 39985

Place : Mumbai
Date : July 27, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Mastek Limited on the financial statements as of and for the year ended June 30, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the Order are not applicable to the Company.

3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable to the Company.

   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(f) and (iii)(g) of the Order are not applicable to the Company.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.

10. The Company has no accumulated losses as at June 30, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has no outstanding dues to any financial institutions or banks or debenture holders as at the balance sheet date and hence the question of commenting on the default by the Company in repayment of such dues does not arise.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

13. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.

16. The Company has not obtained any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds have been raised by the Company on short-term basis and hence the question of using such funds for long-term investment does not arise.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **Price Waterhouse**
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number 39985

Place : Mumbai
Date : July 27, 2012

BALANCE SHEET AS AT JUNE 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at June 30, 2012	As at June 30, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	**3**	**1,351.31**	1,347.56
Reserves and surplus	**4**	**36,447.63**	36,426.54
		37,798.94	37,774.10
Non-current liabilities			
Long-term borrowings	**5**	**44.10**	41.31
Other long term liabilities	**6**	**50.64**	48.24
Long-term provisions	**7**	**3,454.68**	2,632.78
Current liabilities			
Trade payables	**8**	**229.44**	272.67
Other current liabilities	**9**	**4,068.53**	3,967.02
Short-term provisions	**10**	**2,054.78**	671.47
Total		**47,701.11**	45,407.59
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	**11 (i)**	**7,315.97**	8,848.06
Intangible assets	**11 (ii)**	**1,373.26**	1,864.06
Capital work-in-progress		**0.21**	11.26
Non-current investments	**12**	**15,296.34**	15,310.25
Deferred tax assets	**13**	**1,873.99**	1,781.01
Long-term loans and advances	**14**	**5,196.60**	4,273.19
Other non-current assets	**15**	**—**	0.91
Current assets			
Current investments	**16**	**4,010.00**	6,182.72
Trade receivables	**17**	**6,467.83**	3,857.71
Cash and bank balances	**18**	**3,375.67**	1,781.34
Short-term loans and advances	**19**	**1,025.16**	646.89
Other current assets	**20**	**1,766.08**	850.19
Total		**47,701.11**	45,407.59
Summary of significant accounting policies	**2**		
Contingent Liabilites, capital and other commitments	**21, 22**		

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year ended June 30, 2012	Year ended June 30, 2011
Revenue	**23**	**45,088.44**	36,432.74
Other income	**24**	**1,257.06**	4,890.30
Total Revenue		**46,345.50**	41,323.04
Expenses			
Employee benefits expense	**25**	**28,559.75**	29,985.41
Finance costs	**26**	**12.52**	9.32
Depreciation and amortization expenses	**27**	**2,645.50**	2,713.09
Other expenses	**28**	**15,728.82**	9,172.57
Total Expenses		**46,946.59**	41,880.39
(Loss) before tax		**(601.09)**	(557.35)
Tax expense:			
Current tax		**692.61**	466.83
Less: Minimum alternate tax credit entitlement		**372.37**	—
Net current tax		**320.24**	466.83
Deferred tax (credit) / charge		**(92.98)**	141.83
Income tax refund / write back for earlier years		**(271.07)**	(1,032.57)
(Loss) for the year		**(557.28)**	(133.44)
(Loss) per equity share	**29**		
Basic (Face value of ₹ 5/- each)		**(2.06)**	(0.50)
Diluted (Face value of ₹ 5/- each)		**(2.06)**	(0.50)
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For Price Waterhouse
Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

(All amounts in ₹ Lakhs, unless otherwise stated)

1 Company Information :

Mastek Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is a provider of vertically-focused enterprise technology solutions and platforms in Insurance (Life, Pensions and General), Government / Public Sector, and Financial Services sectors.

The Company's offering portfolio includes business and technology services comprising IT Consulting, Application Development, Systems Integration, Application Management Outsourcing, Testing, Data Warehousing and Business Intelligence, Application Security, CRM services and Legacy Modernisation. The Company has operations through its subsidiaries / branch in U.S., Canada, U.K., India and Asia-Pacific and has its offshore software development centers in India at Mumbai, Pune, Chennai and Mahape.

2 Summary of significant accounting policies:

2.1 **Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 **Changes in accounting policy**

Hedge Accounting: Effective October 1, 2011, the Company has adopted hedge accounting as per the Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India to the extent the adoption does not contradict with existing Accounting Standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In respect of forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in reserves (under the Hedging Reserve Account) and is reclassified into the Statement of Profit and Loss upon the occurrence of the hedged transactions.

Had the Company not adopted hedge accounting under AS 30, the loss for the year ended June 30, 2012 would have been higher by ₹ 1,681.61 and the debit balance in the Hedging Reserve would have been lower by the same amount.

2.3 **Use of estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

2.4 **Tangible assets and depreciation**

Tangible assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss. Depreciation on tangible assets is provided on the Straight Line Method, on a pro rata basis, over the useful life of assets, as estimated by management or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets individually costing less than ₹ 5,000/- are depreciated fully in the year of acquisition. The useful lives estimated by management which are higher than rates specified as per Schedule XIV are as under:

Assets	Useful Life
Leasehold Land	Lease Term ranging from 95-99 years
Buildings	25 - 30 years
Computers	2 years
Leasehold improvements	5 years or the primary period of lease whichever is less
Plant and Equipment	2 - 5 years
Office equipment	2 - 5 years
Furniture and fixtures	5 years
Vehicles	5 years

2.5 **Intangible assets and amortization**

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line method over their estimated useful lives as follows:

Assets	Useful Life
Goodwill	3 years
Computer software	1 - 5 years

2.6 **Impairment of assets**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount.

2.7 **Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.8 **Foreign currency transactions and translation**

Foreign currency transactions of the Company are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. In respect of transactions related to the Company's foreign branch, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognised in the Statement of Profit and Loss. In case of forward exchange contracts which are open on the balance sheet date and are backed by receivables, the discount or premium arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. The exchange difference on such contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between a) the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, and b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. The exchange difference so computed on such contracts is recognised in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense for the period.

2.9 **Derivative instruments and hedge accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.The use of hedging instruments is governed by the policies of the Company which are approved by its Board of Directors.Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in the hedging reserve and the ineffective portion is recognised immediately in the Statement of Profit and Loss. For derivative financial instruments that do not qualify for hedge accounting, the discount or premium arising at the inception of the contract is amortized as expense or income over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the period. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss for the period.

2.10 **Employee benefits**

(i) **Long-term employee benefits**

(a) **Defined contribution plans**

The Company has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance, labour welfare fund and superannuation fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). The Company also makes contributions towards defined contribution plans in respect of its branch in foreign jurisdiction, as applicable. Under the defined contribution plans, the Company has no further obligation beyond making the contributions. Such contributions are charged to the Statement of Profit and Loss as incurred.

(b) **Defined benefit plans**

The Company has defined benefit plans for post employment benefits in the form of gratuity and leave encashment for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India (LIC). The Company also provides for leave encashment liability towards employees of its UK branch. Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by independent actuaries. The actuarial valuation method used by independent actuaries for measuring the liability is the projected unit credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

(ii) **Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

2.11 **Revenue recognition**

The Company derives revenues primarily from information technology services. Revenues on time and material contracts are recognised when services are rendered and related costs are incurred. Revenues on fixed price, fixed time bound contracts are recognised over the life of the contract based on a percentage completion method measured by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated. Revenues from maintenance contracts are recognised pro-rata over the period of the contract. Revenues from resale of software and hardware are recognised upon delivery of products to the customer. Amounts received or billed, in advance of services performed are recorded as unearned revenue under 'Other Current Liabilities'. Unbilled revenue included in 'Other Current Assets', represents amounts recognised in respect of services performed in accordance with contract terms.

2.12 **Other income**

Dividend income from subsidiaries and on other investments is recognised when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amounts invested and the rate of interest. Rental income is recognised on a straight line basis over the term of the lease as per the terms of contract with the lessee.

2.13 **Leases**

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – 'Leases', are capitalized. The assets acquired under finance leases are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as leased assets under tangible assets and are depreciated accordingly. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Assets given under operating leases are capitalised in the Balance Sheet under tangible assets and are depreciated as per the Company's depreciation policy.

2.14 **Earnings per share**

Basic earnings per share (EPS) are calculated by dividing the net loss / profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when there conversion to equity shares would increase earnings per share or decrease loss per share.

2.15 **Income Taxes**

Provision for tax for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.16 **Accounting for Employee Stock Options**

Stock options granted to employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) in 1999 and as amended from time to time and the guidance note on Employee Share-based Payments issued by the Institute of Chartered Accounts of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortised portion of value of lapsed portion and debit to share options outstanding account equal to the un-amortised portion.

2.17 **Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurence or non occurence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

2.18 **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

(All amounts in ₹ Lakhs, unless otherwise stated)

3 Share capital

	As at June 30, 2012	As at June 30, 2011
Authorised:		
40,000,000 (June 30, 2011: 40,000,000) equity shares of ₹ 5/- each	**2,000.00**	2,000.00
2,000,000 (June 30, 2011: 2,000,000) preference shares of ₹ 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, subscribed and fully paid up :		
27,026,187 (June 30, 2011: 26,951,187) equity shares of ₹ 5/- each fully paid	**1,351.31**	1,347.56
Total	**1,351.31**	1,347.56

(a) Reconciliation of the number of shares

	As at June 30, 2012		As at June 30, 2011	
	No. of shares	Amount	No. of shares	Amount
Equity Shares				
Balance as at the beginning of the year	**26,951,187**	**1,347.56**	26,943,937	1,347.20
Add : Addition on account of ESOP (Refer note 30)	**75,000**	**3.75**	7,250	0.36
Balance as at the end of the year	**27,026,187**	**1,351.31**	26,951,187	1,347.56

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at June 30, 2012		As at June 30, 2011	
Equity Shares of ₹ 5/- held by :	No. of shares	% of holding	No. of shares	% of holding
Ashank Desai	**3,099,552**	**11.47%**	3,099,552	11.50%
Sudhakar Ram	**2,791,680**	**10.33%**	2,791,680	10.36%
Ketan Mehta	**2,519,100**	**9.32%**	2,519,100	9.35%
Nalanda India Fund Limited	**2,688,020**	**9.95%**	2,688,020	9.97%
Ashish Dhawan	**2,318,259**	**8.58%**	1,261,441	4.51%
Fidelity Purita Trust Fidelity Low Priced	**2,025,000**	**7.49%**	2,025,000	7.51%
Sundar Radhakrishnan	**1,445,800**	**5.35%**	1,445,800	5.36%
Bajaj Allianz Life Insurance Company Limited	**1,569,280**	**5.81%**	1,752,580	6.50%
Life Insurance Corporation Of India	**1,550,404**	**5.74%**	1,550,404	5.75%

(d) Shares reserved for issue under options

	As at June 30, 2012	As at June 30, 2011
Number of shares to be issued under the Employee Stock Option Plans	**2,364,242**	2,573,478

Refer note 30 for details of shares to be issued under the Employee Stock Option Scheme.

(e) Shares bought back (during 5 years immediately preceeding June 30, 2012)

	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Equity Shares bought back	**—**	—	—	176,863	1,483,232

(All amounts in ₹ Lakhs, unless otherwise stated)

4 **Reserves and surplus**

	As at June 30, 2012	As at June 30, 2011
Capital Reserve		
Balance as at the beginning of the year	**0.02**	0.02
Add : Balance transferred on merger of Keystone Solutions Pvt. Ltd. (Refer note 41)	**106.05**	—
Balance as at the end of the year	**106.07**	0.02
Capital Redemption Reserve Account	**1,295.27**	1,295.27
Securities Premium Account		
Balance as at the beginning of the year	**150.59**	139.66
Add : Addition on account of ESOP allotment	**—**	10.93
Add : Transferred from Stock Options Outstanding	**180.50**	—
Balance as at the end of the year	**331.09**	150.59
Share Options Outstanding Account		
Balance as at the beginning of the year	**145.50**	57.00
Add: Additions on account of options granted during the year	**35.00**	88.50
Less: Transfer to securities premium on exercise of stock options during the year	**(180.50)**	—
Balance as at the end of the year	**—**	145.50
General Reserve		
Balance as at the beginning of the year	**10,033.08**	10,033.08
Add : Balance transferred on merger of Keystone Solutions Pvt. Ltd. (Refer note 41)	**10.00**	—
Balance as at the end of the year	**10,043.08**	10,033.08
Hedging Reserve Account		
Balance as at the beginning of the year	**—**	—
Add: Changes in the fair value of the effective cash flow hedges	**(1,681.61)**	—
Balance as at the end of the year - debit	**(1,681.61)**	—
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**24,802.08**	24,935.52
Add : Balance transferred on merger of Keystone Solutions Pvt. Ltd. (Refer note 41)	**2,108.93**	—
Loss for the year	**(557.28)**	(133.44)
Less: Appropriations		
Interim Dividend	**—**	—
Proposed dividend on Equity Shares for the year	**—**	—
Dividend distribution tax on Proposed dividend on Equity Shares	**—**	—
Transfer to General Reserve	**—**	—
Balance as at the end of the year	**26,353.73**	24,802.08
Total	**36,447.63**	36,426.54

(All amounts in ₹ Lakhs, unless otherwise stated)

5 Long-term borrowings

	As at June 30, 2012	As at June 30, 2011
Secured :		
Long term maturities of finance lease obligations	**44.10**	41.31

(a) Nature of Security and terms of repayment for secured borrowings

Nature of Security	Terms of Repayment
Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly payment of Equated Monthly Installments beginning from the month subsequent to taking the lease.

6 Other long-term liabilities

	As at June 30, 2012	As at June 30, 2011
Security and other deposits	**50.64**	48.24

7 Long-term provisions

	As at June 30, 2012	As at June 30, 2011
Provision for employee benefits		
Provision for gratuity (Refer note 31)	**1,613.39**	1,772.14
Provision for leave encashment	**886.11**	860.64
Others		
Provision for mark-to-market losses on derivatives (Refer note 34)	**955.18**	—
Total	**3,454.68**	2,632.78

8 Trade payables

	As at June 30, 2012	As at June 30, 2011
Trade payables (Refer note 37)	**229.44**	272.67

9 Other current liabilities

	As at June 30, 2012	As at June 30, 2011
Current maturities of finance lease obligations	**15.51**	11.24
Unearned revenue	**21.48**	54.57
Unpaid dividends (Refer note (a) below)	**49.27**	52.14
Security and other deposits	**0.30**	1.50
Other payables		
Employee benefits payable	**1,598.85**	2,029.79
Accrued expenses	**1,781.36**	1,336.32
Capital creditors	**152.51**	189.44
Statutory dues including provident fund and tax deducted at source	**449.25**	292.02
Total	**4,068.53**	3,967.02

(a) There is no amount due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

10 Short-term provisions

	As at June 30, 2012	As at June 30, 2011
Provision for employee benefits		
Provision for Leave encashment	**685.21**	563.72
Others		
Provision for taxes	**—**	107.75
Provision for mark-to-market losses on derivatives (Refer note 34)	**1,369.57**	—
Total	**2,054.78**	671.47

(All amounts in ₹ Lakhs, unless otherwise stated)

11 Fixed assets

(i) Tangible assets

	Gross Block (at cost)				Depeciation				Net Block	
	As at July 1, 2011	Additions	Disposals / Transfer	**As at June 30, 2012**	As at July 1, 2011	For the year	Disposals / Transfer	**As at June 30, 2012**	**As at June 30, 2012**	As at June 30, 2011
a. Own assets :										
Buildings	3,777.31	36.52	**—**	3,813.83	545.18	131.67	**—**	**676.85**	3,136.98	3,232.13
Computers	2,780.74	281.53	**(0.44)**	3,061.83	2,653.67	152.73	**(0.44)**	**2,805.96**	255.87	127.07
Plant and equipment	4,102.75	35.24	**(24.29)**	4,113.70	2,778.98	560.91	**(23.06)**	**3,316.83**	796.87	1,323.77
Furniture and fixtures	5,461.90	85.21	**(9.44)**	5,537.67	4,059.41	547.76	**(7.67)**	**4,599.50**	938.17	1,402.49
Vehicles	385.72	31.61	**(52.04)**	365.29	210.29	53.08	**(23.00)**	**240.37**	124.92	175.43
Office equipment	1,730.31	53.29	**(1.88)**	1,781.72	1,515.21	95.16	**(1.53)**	**1,608.84**	172.88	215.10
Total (A)	**18,238.73**	**523.40**	**(88.09)**	**18,674.04**	**11,762.74**	**1,541.31**	**(55.70)**	**13,248.35**	**5,425.69**	**6,475.99**
Previous Year	14,805.10	3,972.83	(539.20)	18,238.73	10,262.00	1,738.11	(237.37)	11,762.74	6,475.99	
b. Leased assets :										
Land and premises	3,090.44	10.72	**(452.49)**	2,648.67	791.97	92.92	**(43.66)**	**841.23**	1,807.44	2,298.47
Leasehold improvements	446.75	—	**—**	—	**446.75**	415.88	8.37	424.25	**22.50**	**30.87**
Vehicles	52.84	39.72	**(10.60)**	81.96	10.11	13.53	**(2.02)**	**21.62**	60.34	42.73
Total (B)	**3,590.03**	**50.44**	**(463.09)**	**3,177.38**	**1,217.96**	**114.82**	**(45.68)**	**1,287.10**	**1,890.28**	**2,372.07**
Previous Year	3,543.19	76.51	(29.67)	3,590.03	1,091.47	126.49	—	1,217.96	2,372.07	
Total (A + B)	**21,828.76**	**573.84**	**(551.18)**	**21,851.42**	**12,980.70**	**1,656.13**	**(101.38)**	**14,535.45**	**7,315.97**	**8,848.06**
Previous Year	18,348.29	4,049.34	(568.87)	21,828.76	11,353.47	1,864.60	(237.37)	12,980.70	8,848.06	

(ii) Intangible assets

	Gross Block (at cost)				Amortization				Net Block	
	As at July 1, 2011	Additions	Disposals / Transfer	**As at June 30, 2012**	As at July 1, 2011	For the year	Disposals / Transfer	**As at June 30, 2012**	**As at June 30, 2012**	As at June 30, 2011
Goodwill	130.32	—	—	**130.32**	86.88	43.44	—	**130.32**	**—**	43.44
Computer software	8,714.24	484.66	—	**9,198.90**	6,893.62	932.02	—	**7,825.64**	**1,373.26**	1,820.62
Total	**8,844.56**	**484.66**	**—**	**9,329.22**	**6,980.50**	**975.46**	**—**	**7,955.96**	**1,373.26**	**1,864.06**
Previous Year	6,843.00	2,002.69	(1.13)	8,844.56	6,147.05	834.58	(1.13)	6,980.50	1,864.06	

Notes:

(a) Owned buildings include subscription towards share capital of Co-operative societies amounting to Rupees Two Hunderd and Fifty only (Previous year Rupees Two Hunderd and Fifty only).

(b) Previous year's disposals / transfer under tangible assets include transfer to Investment Property shown under 'Non-current Investments' (Refer note 12): Gross Block ₹ 389.41 , Accumulated depreciation ₹ 82.47 and Net block ₹ 306.94 .

(All amounts in ₹ Lakhs, unless otherwise stated)

12 Non-current investments

		As at June 30, 2012	As at June 30, 2011
(A) Investment property (Refer note 11 b)			
Gross block			
Opening and Closing		**389.41**	389.41
Less : Accumulated depreciation			
Opening		**96.38**	82.47
Depreciation for the year		**13.91**	13.91
Closing		**110.29**	96.38
Net block		**279.12**	293.03
(B) Trade investments			
Investment in subsidiaries - fully paid equity shares (Unquoted, at cost)			
MajescoMastek, USA 128,415,000 (Previous year - 128,415,000) Equity Shares of US $ 0.002 each, fully paid up		**11,565.47**	11,565.47
Mastek Asia Pacific Pte Ltd., Singapore 3,650,000 (Previous year - 3,650,000) Equity Shares of S $ 1 each, fully paid up	**886.22**		
Less : Provision for diminution in value	**(661.40)**	**224.82**	224.82
Mastek MSC Sdn Bhd., Malaysia 11,262,000 Equity Shares (Previous year - 11,262,000) of RM 1 each, fully paid up		**1,443.42**	1,443.42
Mastek UK Ltd., UK 200,000 (Previous year - 200,000) Equity Shares of £ 1 each, fully paid up		**215.81**	215.81
Mastek GmbH, Germany 1(Previous year - 1) Share fully paid up		**12.69**	12.69
(During the previous year ended June 30, 2011 share capital was reduced by ₹ 261.42 (Refer note 39))			
MajescoMastek Canada Ltd. 3,500,000 (Previous year - 3,500,000) Shares of CN $ 1 each, fully paid up		**1,555.01**	1,555.01
Total		**15,017.22**	15,017.22
Total (A + B)		**15,296.34**	15,310.25
Aggregate amount of investment property		**279.12**	293.03
Aggregate amount of unquoted investments		**15,017.22**	15,017.22
Aggregate provision for dimunition in value of unquoted investments		**661.40**	661.40

(All amounts in ₹ Lakhs, unless otherwise stated)

13 Deferred tax assets

	As at June 30, 2012	As at June 30, 2011
Deferred tax assets		
Depreciation	**753.24**	702.01
Provision for gratuity and leave encashment	**1,033.28**	1,037.10
Provision for doubtful debts and advances	**75.86**	28.78
Other timing differences	**11.61**	13.12
Total	**1,873.99**	1,781.01

14 Long-term loans and advances

	As at June 30, 2012	As at June 30, 2011
Unsecured, considered good, unless otherwise stated		
Capital advances	**8.35**	7.26
Security Deposits	**154.51**	157.06
Prepaid expenses	**19.63**	19.88
Other loans and advances		
Advance Income tax , net of provision for tax	**2,326.80**	1,818.56
MAT Credit Entitlement	**2,679.11**	2,263.90
Advance to Employees	**8.20**	6.53
Total	**5,196.60**	4,273.19

15 Other non-current assets

	As at June 30, 2012	As at June 30, 2011
Margin money deposit	**—**	0.91

16 Current investments

	As at June 30, 2012	As at June 30, 2011
At cost or market value, whichever is less:		
Investment in Mutual Funds (quoted):		
Sundaram Ultra Short Term - Super Inst. Plan - Growth (99,25,072 units Previous year - Nil units)	**1,450.00**	—
DWS Ultra Short Term Fund - Inst. Plan - Growth (99,15,443 units Previous year - Nil units)	**1,280.00**	—
Baroda Pioneer Treasury Advantage Fund - IP – Growth (1,03,625 units Previous year - Nil units)	**1,280.00**	—
Sundaram Ultra Short Term - Super Inst. Plan - Daily Dividend Reinvestment (Nil units Previous year - 15,077,248 units)	**—**	1,513.30
DWS Ultra Short Term Fund - Inst. Plan - Daily Dividend Reinvestment (Nil units Previous year - 12,665,378 units)	**—**	1,268.80
ICICI Prudential Blended Plan - B Option II - Daily Dividend Reinvestment (Nil units Previous year - 12,057,334 units)	**—**	1,206.64
SBI Magnum Income Fund - Floating Rate Plan - Saving Plus Bond Plan Daily Dividend Reinvestment (Nil units Previous year - 7,173,190 units)	**—**	721.78
Tata Floater Fund - Daily Dividend Reinvestment (Nil units Previous year - 7,036,775 units)	**—**	706.18
Kotak Floater Long Term Fund - Daily Dividend Reinvestment (Nil units Previous year - 7,599,526 units)	**—**	766.02
Total	**4,010.00**	6,182.72
Aggregate amount of quoted investments	**4,010.00**	6,182.72
Market value of quoted investments	**4,064.03**	6,182.72

(All amounts in ₹ Lakhs, unless otherwise stated)

17 Trade receivables

	As at June 30, 2012	As at June 30, 2011
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered Doubtful	**225.53**	87.24
Less: Provision for Doubtful Debts	**(225.53)**	(87.24)
Others		
Unsecured, Considered Good	**6,467.83**	3,857.71
Total	**6,467.83**	3,857.71

18 Cash and bank balances

	As at June 30, 2012	As at June 30, 2011
Cash and cash equivalents		
Cash on hand	**1.91**	1.46
Bank balances		
In current accounts	**1,825.05**	739.55
Fixed deposits (with original maturity of less than 3 months)	**499.44**	988.19
	2,326.40	1,729.20
Other bank balances		
Fixed deposit (with original maturity more than 3 months but less than 12 months)	**1,000.00**	—
Unpaid dividend account	**49.27**	52.14
	1,049.27	52.14
Total	**3,375.67**	1,781.34

19 Short-term loans and advances

	As at June 30, 2012	As at June 30, 2011
Unsecured, considered good, unless otherwise stated:		
Other Loans and Advances		
Security Deposits	**34.97**	28.41
Prepaid expenses	**270.31**	318.61
Service tax credit receivable	**556.35**	217.37
Advance to suppliers	**114.16**	32.88
Advance to employees	**49.37**	49.62
Total	**1,025.16**	646.89

20 Other current assets

	As at June 30, 2012	As at June 30, 2011
Unsecured, considered good, unless otherwise stated:		
Interest accrued on deposits	**11.77**	0.03
Margin money deposit	**1.65**	12.85
Unbilled revenue	**798.79**	684.19
Reimbursable expenses receivable		
Considered Good	**953.87**	153.12
Considered doubtful	**8.29**	1.45
Less: Provision for doubtful	**(8.29)**	(1.45)
Total	**1,766.08**	850.19

(All amounts in ₹ Lakhs, unless otherwise stated)

21 Contingent liabilities

	As at June 30, 2012	As at June 30, 2011
Claims against the Company not acknowledged as debts	—	105.78
Guarantees		
(a) Corporate performance guarantees given by the Company on behalf of the following subsidiaries		
(a) MajescoMastek Canada Ltd	**4,842.69**	2,411.84
(b) Mastek MSC Thailand Co Ltd	**508.99**	229.34
(c) Mastek (UK) Limited	**16,318.46**	42,828.87
(b) Corporate guarantees given by the Company on behalf of the following subsidiaries		
(a) MajescoMastek for its term loan	**—**	1,341.00
(b) MajescoMastek for its Line of Credit for Working Capital from Bank	**653.81**	447.00

The Company does not expect any outflows in respect of the above contingent liabilities.

22 Capital and other commitments

	As at June 30, 2012	As at June 30, 2011
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided	**251.01**	196.95

23 Revenue

	Year ended June 30, 2012	Year ended June 30, 2011
Information Technology Services	**44,977.09**	35,932.93
Other Operating Revenue		
Resale of Software and Hardware	**53.37**	464.19
Bad debts recovered	**57.98**	35.62
Total	**45,088.44**	36,432.74

24 Other income

	Year ended June 30, 2012	Year ended June 30, 2011
Interest income		
On deposit	**184.51**	53.43
On others	**97.28**	148.64
Dividend income from investments	**74.15**	149.42
Dividend from subsidiaries	**231.78**	3,181.79
Profit on sale of tangible assets, net	**165.69**	—
Profit on sale of investments	**357.28**	0.90
Profit on sale of investments in subsidiaries	**—**	279.12
Net Gain on Foreign Currency Transactions and Translation	**—**	1,017.82
Miscellaneous income	**146.37**	59.18
Total	**1,257.06**	4,890.30

(All amounts in ₹ Lakhs, unless otherwise stated)

25 Employee benefits expense

	Year ended June 30, 2012	Year ended June 30, 2011
Salaries, wages and performance incentives	**25,958.98**	27,479.31
Gratuity (Refer note 31)	**454.47**	139.99
Contribution to provident and other funds (Refer note 31)	**798.75**	866.66
Expense on Employee Stock Option Scheme (Refer note 30 (d))	**35.00**	88.50
Staff welfare expense	**1,312.55**	1,410.95
Total	**28,559.75**	29,985.41

26 Finance costs

	Year ended June 30, 2012	Year ended June 30, 2011
Interest on finance lease	**8.06**	4.58
Bank charges	**4.46**	4.74
Total	**12.52**	9.32

27 Depreciation and amortization expenses

	Year ended June 30, 2012	Year ended June 30, 2011
Depreciation on Tangible assets	**1,656.13**	1,864.60
Amortization on Intangible assets	**975.46**	834.58
Depreciation on Investment Property	**13.91**	13.91
Total	**2,645.50**	2,713.09

28 Other expenses

	Year ended June 30, 2012	Year ended June 30, 2011
Recruitment and training expenses	**241.23**	189.96
Travelling and conveyance	**1,427.06**	1,475.86
Communication charges	**256.97**	288.77
Electricity	**618.92**	553.56
Consultancy charges	**9,051.52**	3,142.10
Purchase of hardware and software	**550.93**	808.93
Rates and taxes	**203.41**	187.63
Repairs to buildings	**337.16**	262.11
Repairs : others	**795.36**	743.95
Insurance	**57.70**	74.93
Printing and stationery	**39.60**	38.35
Professional fees (Refer note (a) below)	**629.65**	595.87
Rent (Refer note 32)	**137.89**	202.05
Advertisement and publicity	**113.14**	63.50
Donation	**30.20**	29.37
Exchange loss, net	**536.86**	—
Provision for doubtful debt and other receivables	**225.10**	21.91
Bad debt written off	**15.44**	50.68
Hire charges	**239.72**	312.60
Loss on sale of tangible assets, net	**—**	3.08
Commission	**3.99**	72.83
Miscellaneous expenses	**216.97**	54.53
Total	**15,728.82**	9,172.57

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Professional fees include payment to auditors :

	Year ended June 30, 2012	Year ended June 30, 2011
i. As auditor		
Statutory audit	**46.50**	48.50
Limited review	**18.00**	18.00
Other services	**12.00**	—
ii. For reimbursement of expenses	**2.65**	2.10

29 Earnings Per Share (EPS)

	Year ended June 30, 2012	Year ended June 30, 2011
The components of basic and diluted earnings per share are as follows:		
(a) Net loss attributable to equity shareholders	**(557.28)**	(133.42)
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS	**26,998,182**	26,950,108
Add : Effect of dilutive issue of stock options	**26,754**	322,025
Considered for diluted EPS	**27,024,935**	27,272,133
(c) (Loss) / Earnings per share in ₹		
Basic	**(2.06)**	(0.50)
Diluted *	**(2.06)**	(0.50)
(Nominal value per share ₹ 5/- each)		

*The effect of potential equity shares on the net loss for the year is anti-dilutive hence the diluted EPS is same as the basic EPS.

30 Employee Stock Option Scheme

(a) Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No of Options)

	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**—**	7,750
Granted during the year	**—**	—
Exercised during the year	**—**	(5,250)
Cancelled during the year	**—**	(2,500)
Balance unexercised options	**—**	—

(b) Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(All amounts in ₹ Lakhs, unless otherwise stated)

(No of Options)

	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**279,292**	546,794
Granted during the year	**—**	—
Exercised during the year	**—**	—
Cancelled during the year	**(184,542)**	(267,502)
Balance unexercised options	**94,750**	279,292

(c) Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the previous year ended June 30, 2011, the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year.

(No of Options)

	Year ended June 30, 2012	Year ended June 30, 2011
Opening Balance	**407,238**	513,714
Granted during the year	**—**	—
Exercised during the year	**—**	(2,000)
Cancelled during the year	**(87,404)**	(104,476)
Balance unexercised options	**319,834**	407,238

(d) Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the financial year ended June 30, 2012 and June 30, 2011 have been granted at an exercise price which is equal to the market price of the underlying equity shares except for Nil Options (Previous Year 50,000 options), which had been granted at a price less than the market price. Consequently, the amortised compensation cost of ₹ 35.00 (Previous Year ₹ 88.50) in respect of options granted in earlier periods has been charged to the Statement of Profit and Loss during the current year.

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended June 30, 2012	(No of Options) Year ended June 30, 2011
Opening Balance	**1,317,348**	891,000
Granted during the year	**46,900**	879,248
Exercised during the year	**(75,000)**	—
Cancelled during the year	**(393,790)**	(452,900)
Balance unexercised options	**895,458**	1,317,348

(e) Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period.No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year.

	Year ended June 30, 2012	(No of Options) Year ended June 30, 2011
Opening Balance	**569,600**	—
Granted during the year	**494,600**	569,600
Exercised during the year	**—**	—
Cancelled during the year	**(10,000)**	—
Balance unexercised options	**1,054,200**	569,600

(f) Effect of Share-based payment plan on the Balance Sheet and Statement of Profit and Loss

	Year ended June 30, 2012	Year ended June 30, 2011
Expense arising from employee share-based payment plan (Refer note (d) above and note 25)	**35.00**	88.50
Share Options Outstanding Account (Refer note 3)	—	145.50

31 Employee benefit plans

The disclosures required as per the revised AS 15 are as under:

	Year ended June 30, 2012	Year ended June 30, 2011
(a) Defined contribution plans		
The Company has recognised the following amounts in Statement of Profit and Loss for the year:		
Contribution to Provident Fund	**767.92**	827.50
Contribution to Employees' State Insurance	**2.46**	3.16
Contribution to Maharashtra Labour Welfare Fund	**1.22**	1.32
Superannuation Contribution	**27.15**	34.68
	798.75	866.66

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Defined benefit plan

As per the independent actuarial valuation carried out as on June 30, 2012:

		As at June 30, 2012	As at June 30, 2011
(i)	Change in defined benefit obligations:		
	Projected benefit obligation at beginning of the year	**2,246.19**	2,330.95
	Service cost	**364.15**	428.60
	Interest cost	**215.19**	239.01
	Actuarial gain	**(99.41)**	(531.62)
	Benefits paid	**(232.58)**	(220.75)
	Projected benefit obligation at closing of the year	**2,493.54**	2,246.19
(ii)	Change in fair value of assets:		
	Fair value of plan assets at beginning of the year	**466.85**	—
	Expected return on plan assets	**47.86**	—
	Employer's contribution	**613.22**	687.60
	Acquisitions	**—**	—
	Benefit paid	**(232.58)**	(220.75)
	Actuarial loss	**(18.40)**	—
	Fair value of plan assets at closing of the year	**876.95**	466.85
(iii)	Amount recognized in the Balance Sheet		
	Present value of obligations	**2,493.54**	2,246.19
	Less: Fair value of plan assets	**(876.95)**	(466.85)
	Less: Unrecognised Past service cost	**(3.20)**	(7.20)
	Net Liability recognized	**1,613.39**	1,772.14
	Recognised under:		
	Long-term provisions (Refer note 7)	**1,613.39**	1,772.14
	Total	**1,613.39**	1,772.14

		Year ended June 30, 2012	Year ended June 30, 2011
(iv)	Net gratuity cost for the year		
	Service cost	**368.15**	432.60
	Interest cost	**215.19**	239.01
	Expected return on plan assets	**(47.86)**	—
	Net actuarial (gain) / loss recognized in the year	**(81.01)**	(531.62)
	Net gratuity cost	**454.47**	139.99
(v)	Asset information		
	Life Insurance Corporation of India	**100%**	100%
(vi)	Assumptions used in accounting for the gratuity plan:		
	Discount rate (p.a.)	**8.35%**	8.50%
	Return on Plan Assets (p.a.)	**7.50%**	7.50%
	Salary escalation rate (p.a.)	**10.00%**	10.00%
	Retirement age	**60 years**	60 years

		Year ended June 30, 2012	Year ended June 30, 2011
(vii)	Expected Contribution to the fund in the next year		
	Gratuity	**600.00**	500.00

(All amounts in ₹ Lakhs, unless otherwise stated)

(viii) Experience Adjustments

	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Defined benefit obligation	**2,493.54**	2,246.19	2,230.95	2,122.17	1,284.64
Plan assets	**876.95**	466.85	—	—	—
Deficit	**(1,616.59)**	(1,779.34)	(2,330.95)	(2,122.17)	(1,284.64)
Experience adjustments					
On plan liabilities	**(143.20)**	(434.66)	(402.73)	199.45	(61.68)
On plan assets	**(18.40)**	—	—	—	—

32 Leases

(i) Operating lease

	As at June 30, 2012	As at June 30, 2011
(a) Future minimum lease payments under non-cancellable operating leases (in respect of properties):		
Due within one year	**24.20**	8.72
Due later than 1 year but not later than 5 years	**8.80**	—
Total minimum lease payments	**33.00**	8.72

	Year ended June 30, 2012	Year ended June 30, 2011
(b) Operating lease rentals recognised in the Statement of Profit and Loss (Refer note 28)	**137.89**	202.05

(c) Description of significant operating lease arrangements:
The Company has given refundable interest free security deposit under the lease agreements.
All agreements contain provision for renewal at the option of either party.
All agreements provide for restriction on sub lease.

(ii) Finance lease

	As at June 30, 2012	As at June 30, 2011
(a) Total minimum finance lease payments outstanding (in respect of vehicles):		
Due within one year	**22.70**	17.52
Due later than 1 year but not later than 5 years	**53.42**	50.83
Total minimum lease payments	**76.12**	68.35
Less: Interest not due	**(16.51)**	(15.80)
Present value of net minimum lease payments	**59.61**	52.55
Disclosed under:		
Long-term borrowings (Refer note 5)	**44.10**	41.31
Other current liabilities (Refer note 9)	**15.51**	11.24
	59.61	52.55

33 Income Taxes

(a) In accordance with the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). Payments under MAT can be carried forward and set off against future tax liability. Accordingly, a sum of ₹ 2,679.11 (Previous year ₹ 2,263.90) has been carried forward and shown under 'Long-term loans and advances'. (Refer note 14).

(b) Provision for income tax for the year is the aggregate of the provision for the nine months ended March 31, 2012 and the three months ended June 30, 2012. However, the ultimate tax liability for the financial year 2011-12 will be determined on the basis of the profit for the year April 1, 2011 to March 31, 2012 and the profit for the year April 01, 2012 to March 31, 2013.

(c) The Company had received tax demands aggregating to ₹ 2,272.48 (including interest of ₹ 760.27) primarily on account of transfer pricing issues for the assessment years 2006-07, 2007-08 and 2008-09. For the assessment year 2006-07, the second appellate authority (the Income tax Appellate Tribunal) has allowed these issues in favour of the company and for the assessment years 2007-08 and 2008-09, the matter is pending before the first appellate authority (the Commissioner of Income tax (Appeals)).

Considering the facts and favourable order of the second appellate authority upholding the position of the Company for the assessment year 2006-07, the management believes that the final outcome of the above disputes for the remaining years should be in favour of the Company and there should not be any material impact on financial statements.

34 Derivative Financial Instruments

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign currency. The counter party is generally a bank. These contracts are for a period between one day and four years.The Company has following outstanding derivative instruments as at June 31, 2011:
The following '' sell '' foreign exchange forward contracts are outstanding as at:

		June 30, 2012		June 30, 2011	
	Foreign Currency	**No. of Contracts**	**Notional amount of Forward contracts (million)**	No. of Contracts	Notional amount of Forward contracts (million)
a	USD	**111**	**25.07**	152	40.97
b	GBP	**32**	**7.30**	15	3.91
c	CAD	**1**	**0.30**	Nil	—

Mark-to-Market losses	**As at June 30, 2012**	As at June 30, 2011
Mark-to-Market losses provided for	**643.14**	—
Mark-to-Market losses reported in Hedging Reserve Account (Refer note 4)	**1,681.61**	—
Mark-to-Market losses total	**2,324.75**	—
Classified as long term provisions (Refer note 7)	**955.18**	—
Classified as short term provisions (Refer note 10)	**1,369.57**	—

35 Related Party Disclosures

A. Enterprises where control exists

Subsidiaries - wholly owned, except as indicated: MajescoMastek USA (70% held by the Company) ; Mastek UK Ltd., UK; Mastek GmbH, Germany; Mastek Asia Pacific Pte. Ltd., Singapore; Mastek MSC Sdn. Bhd., Malaysia; MajescoMastek Canada Ltd, Keystone Solutions Private Limited, India; Mastek MSC Thailand Co Ltd., Thailand; System Task Group International Ltd., USA, and Vector Insurance Services LLC, USA (90% held by the Company) .

B. Other related parties with whom the Company had transactions during the year

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director)
R Sundar (Executive Director)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on June 30, 2012

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) The Company has entered into transactions with the following related parties:

	Year ended June 30, 2012	Year ended June 30, 2011
i. Income from services		
Mastek (UK) Ltd.	**28,200.11**	20,252.97
MajescoMastek	**10,234.76**	9,434.35
Others	**2,047.91**	234.24
ii. Dividend from subsidiary		
Mastek (UK) Ltd.	**—**	3,181.79
Mastek MSC Sdn. Bhd	**231.78**	—
iii. Sale of investments in equity shares (Refer note 40)		
Mastek (UK) Ltd.	**—**	4,914.54
iv. Commission expenses		
Mastek (UK) Ltd.	**3.99**	72.83
v. Reduction of capital (Refer note 39)		
Mastek GmbH, Germany	**—**	261.42
vi. Investment in equity shares		
MajescoMastek	**—**	1,808.75
MajescoMastek Canada Ltd	**—**	900.53
vii. Total remuneration to key management personnel		
Sudhakar Ram	**116.19**	116.19
R Sundar	**73.78**	73.78
(b) Balances at year end :		
i. Trade Receivables		
Mastek (UK) Ltd.	**3,131.03**	1,906.97
MajescoMastek	**1,337.26**	823.52
MajescoMastek Canada Limited	**739.88**	—
Others	**160.56**	1.50
ii. Corporate guarantees given on behalf of subsidiaries disclosed as contingent liabilities		
Mastek (UK) Ltd.	**16,318.46**	42,828.87
MajescoMastek	**653.81**	1,788.00
MajescoMastek Canada Ltd	**4,842.69**	2,411.84
Mastek MSC Thailand Co Ltd	**508.99**	229.34
iii. Investment in equity shares		
MajescoMastek	**11,565.47**	11,565.47
MajescoMastek Canada Ltd.	**1,555.01**	1,555.01
Others	**1,896.74**	1,896.74

36 Segment reporting

The Company has presented data relating to its segments in its consolidated financial statements which are presented in the same annual report as Mastek Limited. In terms of provisions of Accounting Standard (AS) 17 – 'Segment Reporting', no disclosures related to segments are presented in these stand-alone financial statements.

37 Micro, Small and Medium Enterprises

There are no dues to micro, small and medium enterprises which are outstanding at the Balance Sheet date. The information regarding micro, small and medium enterprises has been determined on the basis of the information available with the Company. This has been relied on by the auditors.

38 Other disclosures

a. The Company is engaged in the development of computer software and other software related services. Considering the nature of business, certain details required under the revised schedule VI are not applicable.

(All amounts in ₹ Lakhs, unless otherwise stated)

b. Value of Imports on C.I.F basis

	Year ended June 30, 2012	Year ended June 30, 2011
Capital goods	**263.14**	1,594.02
c. Expenditure in foreign currency		
(Including expenditure incurred by the Company's overseas branch)		
Salaries and wages	**9,216.97**	10,021.19
Travelling and conveyance	**628.23**	692.99
Consultancy charges	**8,571.18**	2,856.08
Professional fees	**62.94**	131.13
Advertisement and publicity	**4.10**	0.93
Communication charges	**39.64**	58.76
Electricity	**5.49**	5.71
Insurance	**6.68**	16.85
Printing & stationery	**5.80**	5.11
Rates and taxes	**28.29**	20.54
Recruitment and training expense	**99.97**	2.78
Rent	**70.90**	131.79
Repairs - buildings	**25.98**	4.49
Repairs - others	**95.36**	137.31
Bad debt written off	**—**	50.68
Purchase of Software for resale	**415.57**	393.40
Commission expenses	**3.99**	72.83
Bank Charges	**1.43**	—
Hire Charges	**0.39**	—
Staff welfare	**866.80**	—
Miscellaneous expenses	**157.61**	12.25
d. Earnings in foreign exchange		
Income from services	**40,562.25**	29,971.17
Dividend from subsidiary	**231.78**	3,181.79
Profit on sale of investment in subsidiary	**—**	279.12
Others	**3.94**	11.71

39 Reduction of capital of Mastek Gmbh

Pursuant to management decision to discontinue business operation in Germany, the share capital of Mastek GmbH (wholly owned subsidiary) has been reduced by ₹ 261.42 (Euro 515,000) during the year ended June 30, 2011 to align with business requirements.

40 Sale of investment in Majescomastek, USA

During the year ended June 30, 2011, the Company sold 55,035,000 equity shares of MajescoMastek, USA (a wholly owned subsidiary before this sale) to Mastek UK Ltd (also a wholly owned subsidiary) for a total consideration of ₹ 4,914.54. After the sale, Mastek Ltd holds 70% of MajescoMastek and the balance 30% is held by Mastek UK Ltd.

41 Acquisition of Keystone's business and merger of Keystone Solutions Ltd with Mastek Ltd

During the year ended June 30, 2012, the Scheme of Amalgamation ("the Scheme") of Keystone Solutions Private Limited (a wholly owned step down subsidiary) with the Company has been sanctioned by the High Court of Mumbai with effective date from July 1, 2011, vide its order dated December 2, 2011. In accordance with the Scheme and the Accounting Standard (AS) 14, the Company has followed the "pooling of interest" method in accounting for the amalgamation. The difference between the value of the net identified assets acquired and the consideration amounted to ₹ 106.05 which has been credited to 'Capital Reserve' (Refer note 4).

42 Previous year figures

The financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures has not impacted recognition and measurement principles followed for preparation of financial statements.

The accompanying notes are an integral part of these financial statements.

For Price Waterhouse

Firm Registration Number: 012754N
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 39985

Place : Mumbai
Date : July 27, 2012

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Information relating to subsidiaries as at June 30, 2012 **(₹ In Lakhs)**

Sr. no.	Name of the Subsidiary Company	Reporting currency	Exchange rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit / (Loss) before tax	Provision for tax	Profit / (Loss) after tax	Proposed dividend	Country
1	Mastek (UK) Limited	GBP	86.730	173.46	14,737.74	22,088.37	7,177.17	—	37,648.11	1,713.17	439.16	1,274.01	—	UK
2	MajescoMastek, USA - Consolidated (Refer note 1)	USD	55.615	143.84	18,334.76	27,656.82	9,178.23	—	29,000.03	5.36	104.02	(98.65)	—	USA
3	Mastek GmbH	EUR	69.978	17.49	24.36	44.45	2.60	—	—	(6.86)	(2.30)	(4.57)	—	Germany
4	Mastek Asia Pacific Pte Ltd.	SGD	43.815	1,599.25	(1,086.52)	589.71	76.99	—	525.69	10.86	—	10.86	—	Singapore
5	Mastek MSC Sdn Bhd.- Consolidated (Refer note 2)	RM	17.515	1,972.54	(36.47)	2,248.78	312.72	—	1,654.91	83.07	19.27	63.80	—	Malaysia
6	MajescoMastek Canada Ltd	CAD	54.278	1,555.01	(829.03)	2,466.32	1,740.34	—	3,337.29	7.22	—	7.22	—	Canada

Note :

1 MajescoMastek, USA - has following subsidiaries:
- System Task Group International Limited - 100%
- Vector Insurance Services LLC - 90%

2 Mastek MSC Sdn Bhd. - has following subsidiary:
- Mastek MSC (Thailand) Co. Ltd - 100%

3 Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies except MajescoMastek, USA, are based on the exchange rates as on June 30, 2012.

4 MajescoMastek, USA figures are in Indian rupees.

Place : Mumbai
Date : July 27, 2012

Sudhakar Ram
Chairman & Managing Director

S. Sandilya
Director

Bhagwant Bhargawe
Company Secretary

PART- I CLAUSE 49 OF LISTING GUIDELINES

Mastek has always strived to go beyond the statutory and regulatory requirements of corporate governance. Our endeavor is to follow good governance in spirit than mere compliance with the codes on Corporate Governance.

A. Company's Philosophy

Good Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, fairness in all its transactions with all its stakeholders in the widest sense. The Company's philosophy of Corporate Governance is that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in preserving shareholders' interest, while maximizing long-term shareholder value.

B. Board of Directors

(i) Composition of the Board

The composition of the Board is evenly placed, that is, of the eight members, four are promoter-directors and the other four are Independent Directors.

(ii) Number of Board Meetings

During the year ended June 30, 2012**,** there were five Board Meetings, which were held on July 25, 2011, October 19, 2011, January 19, 2012, April 20, 2012 and June 28, 2012.

(iii) Directors' Attendance and Directorships held

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM on Sept, 23, 2011	No. of other Director-ships in other Co's	No. of Committees Memberships Chairmanship in other Co's	No. of Board Committees of Mastek on which member
Mr. Sudhakar Ram	Chairman and Managing Director (Promoter)	5	Yes	2	Nil	1
Mr. Ashank Desai	Non-ExecutiveDirector (Promoter)	5	Yes	6	Nil	2
Mr. Ketan Mehta	Non-ExecutiveDirector (Promoter)	5	No	5	Nil	NIL
Mr. R. Sundar	Executive Director (Promoter)	5	No	Nil	Nil	1
Dr. Rajendra Sisodia	Non- Executive Director (Independent)	4	No	1	Nil	Nil
Ms. Priti Rao	Non- Executive Director (Independent)	4	No	1	Nil	1
Mr. Venkatesh Chakravarty	Non- Executive Director (Independent)	5	No.	3	Nil	1
Mr. S. Sandilya (joined with effect from January 19, 2012)	Non- Executive Director (Independent)	3	N.A.	5	5	2
Mr. Anil Singhvi (up to October 19, 2011)	Non- Executive Director (Independent)	2	No	7	4	2
Mr. Diwan Arun Nanda (up to July 25, 2011)	Non- Executive Director (Independent)	NIL	N.A.	4	3	1

Notes:

1. None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.
2. Particulars of Directors retiring by rotation and seeking reappointment have been given in the Notice convening the 30th Annual General Meeting and explanatory statement, attached thereto.
3. The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders / Investors Grievance Committee.

Pecuniary Relationship or Transactions with Non-Executive Directors

Mr. Ashank Desai, Non- Executive Director was paid ₹ 648,808/- towards perquisites as per the approval of the Ministry of Corporate Affairs, New Delhi.

(iv) Code of Conduct for Directors and Senior Management

The Company is having a code of conduct for Directors and Senior Management of the Company. The said code has been posted on the Company's website.

C. Profile of Independent Directors

1. Ms. Priti Rao:

Ms. Rao is a postgraduate in Computer Science from the Indian Institute of Technology (IIT), Mumbai. In her 25 years of diverse experience building and delivering a range of IT services for customers located across five continents, Ms. Rao has held very senior positions with global teams for best of breed IT companies. She has had long innings with Infosys as a senior executive heading the Pune development centre and heading their infrastructure services business.

Ms. Priti Rao is widely recognized as an accomplished business leader and was conferred with the prestigious "**IT woman of the year award**" **for 2002** by the Computer Society of India.

She does not hold any shares in the Company.

2. Dr. Rajendra S. Sisodia:

Dr. Sisodia is Professor of Marketing at Bentley University and was previously Trustee Professor of Marketing and the Founding Director of the Center for Marketing Technology. He is also the Founder and Chairman of the Conscious Capitalism Institute. Dr. Sisodia is an electrical engineer from BITS, Pilani, India. Dr Sisodia has an MBA in Marketing from the Bajaj Institute of Management Studies in Mumbai and a Ph.D. in Marketing & Business Policy from Columbia University, where he was the Booz Allen Hamilton Fellow. Dr. Sisodia has authored several books and published over 100 articles (in publications such as the Harvard Business Review, Journal of Business Strategy, Journal of Marketing, and others.)

He does not hold any shares in the Company.

3. Mr. Venkatesh Chakravarty:

Mr. Chakravarty is the Head of Life & Health Business and a Director on the Board of Swiss Re Services India Private Limited.

He is qualified as an Associate Member of the Chartered Insurance Institute, UK (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management Studies and a Bachelor of Arts Degree in Economics.

He joined Swiss Re Life & Health in September, 1998 as a Business Development Manager in London responsible for Life & Health business in India. He worked in Swiss Re, London for nearly a year before assuming responsibility in Swiss Re, Mumbai office.

Prior to Swiss Re, he worked for KPMG, India and was responsible for setting up their insurance practice in India. He carried out several strategic consulting assignments for the local insurers, potential new entrants, and financial institutions. He was promoted to the position of an Associate Director in April 1997.

He also worked for Eagle Star International Life in the Middle East and played a key role in setting up their branch operations in Bahrain.

His initial stint in Life insurance was with LIC where he worked in the capacity of an Administrative officer and later on as a Branch Manager before moving to the Middle East to take on some new challenges.

He does not hold any shares in the Company.

4. Mr. S. Sandilya:

Mr. Sandilya is a Commerce Graduate from Chennai University and an MBA from the Indian Institute of Management, Ahmedabad.

Mr. Sandilya is presently Chairman, Eicher Group. He joined Eicher Group in 1975 and has held various responsibilities in the areas of Group Finance including Information Technology, Strategic Planning, Manufacturing and General Management. Additionally, he is the Chairman of Parrys Sugar Industries Ltd and is also a Director of Tube Investments of India Limited and Rane Brake Lining Limited.

The Board appointed Mr. S. Sandilya on January 19, 2012.

He does not hold any shares in the Company.

D. Audit Committee

(i) Terms of Reference

The terms of reference of the Audit Committee are as follows:

(a) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

(b) Recommend the appointment and removal of the Statutory Auditors, fix audit fee and also grant approval for payments for any other services.

(c) Review with the management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.

- Major accounting entries based on the exercise of judgment by management.
- Qualifications in the draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions, i.e., transactions of the Company of a material nature, with promoters and the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

(d) Review with the management, external and internal auditors the adequacy of internal control systems.

(e) Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

(f) Discuss with internal auditors any significant findings and follow-up action.

(g) Review with the management the quarterly financial statements before submission to the Board for approval.

(h) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or failure of internal control systems of a material nature and report the matter to the Board.

(i) Discuss with external auditors before the audit commences about the nature and scope of audit and have post-audit discussion to ascertain any area of concern.

(j) Review the Company's financial and risk management policies.

(k) Look into the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in the case of non-payment of declared dividends) and creditors.

(l) Review the functioning of the whistle-blower mechanism.

The minutes of the Audit Committee are circulated to the Board of Directors. The Chairman of the Audit Committee apprises the Board on the recommendations made by the committee. Further, at the beginning of the financial year, the Committee prepares fresh plans for the internal audit. It discusses the areas covered by the internal audit and recommends the scope of audit for the current year. The Committee reviews the performance of the internal and external auditors and advises the Board on the re-appointment of internal and statutory auditors.

(ii) Composition

Mastek has an Audit Committee that currently comprises of three Independent directors and a promoter director. The Independent Directors are accomplished professionals from the corporate fields. The Group CFO and Finance Director and the Chief Financial Officer of the Company attend the meetings on invitation. The Company Secretary is the Secretary of the Committee.

The Committee met four times during the year. The attendance of the members at the meetings is stated below:

Name of Member	Status	No. of Meetings attended
Mr. S. Sandilya	Chairman	1
Mr. Ashank Desai	Member	4
Ms. Priti Rao	Member	4
Mr. Venkatesh Chakravarty	Member	4
Mr. Anil Singhvi	Member	2

Mr. Anil Singhvi resigned as a member with effect from October 19, 2011.

In view of the pre occupation, Ms. Priti Rao requested to be relieved from the Chairmanship of Audit Committee; however she agreed to continue as the member of the Audit Committee. The Audit Committee members appointed Mr. S. Sandilya as the Chairman of the Audit Committee in her place with effect from April 20, 2012.

The meetings are attended by Internal Auditors and Statutory Auditors. The Committee's observations are followed up with the respective departments and the follow-up actions are reported to the Committee at the subsequent committee meetings. Internal Auditors attend the Committee meetings on invitation. The Committee, along with the Statutory Auditors, review the quarterly, half-yearly and annual results at the Audit Committee meetings before recommending them to the Board of Directors.

E. Remuneration of Directors

The Board of Directors decides and approves the remuneration of Non-Executive Directors.

Details of Remuneration of Non Executive Directors for the year ended June 30, 2012 is stated below:

Name	Perquisites (₹)	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Ashank Desai	648,808	80,000	-	728,808
Mr. Anil Singhvi	-	60,000	-	60,000
Mr. Diwan Arun Nanda	-	-	-	-
Ms. Priti Rao	-	120,000	-	120,000
Dr. Rajendra Sisodia	-	80,000	-	80,000
Mr. Venkatesh Chakravarty	-	140,000	-	140,000
Mr. S. Sandilya	-	70,000	-	70,000
Total	**648,808**	**550,000**	**-**	**1,198,808**

Criteria of payment of remuneration to Non- Executive Directors, subject to availability of profits, calculated under Section 309 read with Section 349 & 350 of the Companies Act, 1956:

Non- Executive Directors will have the following remuneration structure:

1. 50 %- Fixed
2. 50%- Variable, based on the number of Board meetings attended.

The total remuneration paid to all Independent Non-Executive Directors will have an upper limit of 1% of net profit of the Company.

In view of the Company having inadequate profits, no commission is paid to the Non-Executive Directors

Number of options/equity shares held by Independent Directors as on June 30, 2012:

Name of Director	No. of Options	No. of equity shares
Ms. Priti Rao	29,600	Nil
Mr. Diwan Arun Nanda	Nil	9,436
Mr. Anil Singhvi	Nil	98,228
Dr. Raj Sisodia	26,944	Nil
Mr. Venkatesh Chakravarty	26,900	Nil
Mr. S. Sandilya	26,000	Nil

Number of equity shares held by other Non-Executive Directors as on June 30, 2012

Name of the Director	Number of shares
Ashank Desai	3,099,552
Ketan Mehta	2,519,100

F. Share Transfer cum Investor Grievances Committee

(i) Terms of Reference

- To redress the grievances of shareholders and investors, such as transfer of shares, non-receipt of annual reports, dividends etc.
- To approve allotment of shares on exercise of options by Employees.

(ii) Composition

The Chairman of the Committee is Mr. Ashank Desai. Other members are Mr. Sudhakar Ram, Mr. R. Sundar and Mr. S. Sandilya. The Company Secretary is the Secretary of the Committee.

Mr. Anil Singhvi resigned as a member of the Committee with effect from October 19, 2011.

Mr. S. Sandilya was appointed as a member of the Committee with effect from February 8, 2012.

The Committee meets periodically to review grievances of Investors/ Shareholders and to consider requests for share transfer/ transmission, allotment of shares etc.

The Committee met seven times during the year. The attendance of the members at the meetings is stated below:

Name of Member	Status	No. of Meetings attended
Mr. Ashank Desai	Chairman	5
Mr. Sudhakar Ram	Member	7
Mr. R. Sundar	Member	7
Mr. S. Sandilya	Member	3
Mr. Anil Singhvi	Member	1

OTHER COMMITTEES

G. Compensation Committee

(i) Terms of reference

- To decide and formulate detailed terms and conditions of the Employees' Stock Option Plan, governed by the guidelines issued by SEBI in June 1999 and as amended from time to time.
- To finalize the stock options to be granted to the employees and directors of the Company under the scheme & finalization of incentive plan.
- To recommend the compensation structure of the Directors to the Board.

(ii) Composition

The Chairman of the Committee is Dr. Rajendra Sisodia. The other members are Mr. Ketan Mehta, Ms. Priti Rao and Mr. Venkatesh Chakravarty.

The Committee met 5 times during the year under review for considering the issues related to Employee stock options and finalization of incentive plan. The attendance of the members at the meetings is stated below:

Name of Member	Status	No. of Meetings attended
Dr. Rajendra Sisodia	Chairman	4
Mr. Ketan Mehta	Member	5
Ms. Priti Rao	Member	4
Mr. Venkatesh Chakravarty	Member	5

H. Governance Committee

(i) Terms of reference

- To develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company, to review these principles periodically and to monitor compliance with those principles.
- To review and approve new policies relating to corporate governance and to review current policies and practices and recommend improvements.
- To develop norms for evaluation of the Board of Directors.
- To recommend the areas of training needed for Board members.

(ii) Composition

The Chairman of the Committee is Mr. Ashank Desai. The other members are Mr. Ketan Mehta, Ms. Priti Rao and Mr. R. Sundar. The Company Secretary is the Secretary of the Committee.

The Committee met 4 times during the year under review. The attendance of the members at the meetings is stated below:

Name of Member	Status	No. of Meetings attended
Mr. Ashank Desai	Chairman	4
Mr. Ketan Mehta	Member	4
Ms. Priti Rao	Member	4
Mr. R. Sundar	Member	4

I. Nomination Committee

(i) Terms of Reference

- To oversee the Company's nomination process for the Senior management and the non-executive directors.
- To review all documents pertaining to candidates and conduct evaluation of candidates in accordance with a process and if deem fit and appropriate, pass on the recommendation for the nomination to the Board .

(ii) Composition

The Chairman of the Committee is Mr. Sudhakar Ram, The other members are Mr. Ketan Mehta, Dr. Rajendra Sisodia and Mr. S. Sandilya. The Company Secretary is the Secretary of the Committee.

Dr. Rajendra Sisodia and Mr. S. Sandilya joined the committee as members on June 23, 2011 and January 19, 2012 respectively.

M. Anil Singhvi resigned as a member of the Committee on October 19, 2011.

The Committee met once during the year under review.

Name of Member	Status	No. of Meetings attended
Mr. Sudhakar Ram	Chairman	1
Ms. Ketan Mehta	Member	1
Dr. Rajendra Sisodia	Member	1
Mr. S. Sandilya	Member	-

J. Corporate Directions Committee

(i) Terms of Reference

- To establish Vision, Mission, Values.
- To decide 5 year direction and goals of the Company.

(ii) Composition

The Chairman of the Committee is Mr. Sudhakar Ram. The other members are Dr. Rajendra Sisodia, Mr. R. Sundar and Mr. Venkatesh Chakravarty.

K. General Body Meetings

Particulars of Annual General Meetings held during the last three years:

Financial Year	Date	Time	Location
2010-11	September 23, 2011	11.30 A.M.	Gajjar Hall, Ahmedabad
2009-10	October 1, 2010	3.00 P.M	Gajjar Hall, Ahmedabad
2008-09	October 1, 2009	3.00 P.M	Gajjar Hall, Ahmedabad

L. Notes on Directors seeking re-appointment

Name of Director	**Mr. Ashank Desai**
Resume of the Director	Mr. Ashank Desai, 61 is B.E. from Mumbai University and in graduating year, held the second rank in the University. He holds a M. Tech Degree from the Indian Institute of Technology, Mumbai. He also holds a management diploma granted by the IIM Ahmedabad, from where he graduated in 1979. He worked with Godrej and Boyce before founding the Company. He is a founder member and ex-chairman of NASSCOM and is also actively associated with several government bodies and trade associations.
Year of Joining the Board	1982
Expertise in specific functional area	Mr. Desai has significant experience due to his status as a prominent figure in both India and global IT arena. Mr. Desai, a founding member of NASSCOM, was also the President of Asian-Oceanic Computing Industry Organization (ASOCIO). He has expertise in all key functions relevant to the Company's operations.
Other Directorships	1. MajescoMastek, USA 2. Mastek (UK) Ltd 3. Vector Insurance Services LLC, USA 4. Systems Task Group International, USA 5. Majesco Mastek, Canada 6. Mastek GmbH, Germany
Chairman/member of committees of the Company	• Share Transfer cum Investors Grievances Committee – Chairman • Governance Committee – Chairman • Audit Committee – Member
No of Board Meetings attended during the year	5
No of shares held in the Company	3,099,552

Name of Director	**Mr. Ketan Mehta**
Resume of the Director	Mr. Ketan Mehta, 53, is a Commerce Graduate from Gujarat University. He holds a Management Diploma granted by the Indian Institute of Management, Ahmedabad. He worked for two years with NOCIL, after which he co-founded the Company.
Year of Joining the Board	1982
Expertise in specific functional area	Mr. Mehta is one of the co-founders of Mastek Limited. During his long tenure of 30 years with Mastek he has handled various functions such as Sales, Delivery and General Management. He actively participates in strategic initiatives. He also advises Board on acquisitions, alliances and Joint Ventures. Currently, he is the CEO of Mastek's North America Operations
Other Directorships	1. MajescoMastek, USA 2. Vector Insurance Services LLC, USA 3. Systems Task Group International Ltd, USA 4. Mastek Asia Pacific Pte. Ltd, Singapore 5. MajescoMastek Canada
Chairman/member of committees of the Company	• Governance Committee - Member • Compensation Committee - Member • Nomination Committee - Member
No of Board Meetings attended during the year	5
No of shares held in the Company	2,519,100

Name of Director	**Mr. S. Sandilya**
Resume of the Director	Mr. Sandilya, 64, is a Commerce Graduate from Chennai University and an MBA from the Indian Institute of Management, Ahmedabad.
	Mr. Sandilya is presently Chairman, Eicher Group. He joined Eicher Group in 1975 and has held various responsibilities in the areas of Group Finance including Information Technology, Strategic Planning, Manufacturing and General Management. Additionally, he is the Chairman of Parrys Sugar Industries Ltd and is also a Director of Tube Investments of India Limited and Rane Brake Lining Limited.
Year of Joining the Board	2012
Expertise in specific functional area	Finance including Information Technology, Strategic Planning
Other Directorships	1. Mastek (UK) Ltd 2. Eicher Motors Limited 3. Tube Investments of India Limited 4. Rane Brake Lininig Limited 5. Parrys Sugar Industries Limited.
Chairman/member of committees of the Company	· Audit Committee - Chairman · Nomination Committee - Chairman · Share Transfer cum Investors Grievances committee - Member
No of Board Meetings attended during the year	3
No of shares held in the Company	Nil

M. Disclosures

Your Company has entered into agreements with its overseas subsidiaries to provide software development and IT-related services. These agreements are regularly reviewed for amendments.

RELATED PARTIES

The Company has entered into transactions with the following related parties:

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director) & R Sundar (Executive Director)

(₹ in Lakhs)

	Transactions during the year ended	
	June 30, 2012	June 30, 2011
Remuneration to Key Management Personnel		
- Sudhakar Ram	116.04	116.19
- R Sundar	73.80	73.78

(₹ in Lakhs)

	Closing Balance as at	
	June 30, 2012	June 30, 2011
Remuneration payable to Key Management Personnel	-	-

Notes:

1. i) Reimbursement of expenses incurred by related parties for and on behalf of the Company and vice versa has not been included above.

   ii) The disclosures given above have been reckoned on the basis of information available with the Company.

   iii) Remuneration to key management personnel given above includes commission Nil (Previous year Nil).

2. Generally, there were no instances of non-compliance on any matter related to the capital markets.

N. Management Discussion & Analysis forms part of the Annual Report. Investor information details are also provided separately in the Annual Report.

O. Means of Communication

1. Quarterly unaudited results are generally published in the Free Press Journal, and Aajkal. The quarterly unaudited results along with the press releases are made available on the website of the Company (www.mastek.com) Other information relating to shareholding patterns, compliance with the requirements of corporate governance etc are posted on BSE/NSE website and on Mastek's website in the investors section.
2. Official news releases and transcripts of conference calls with the analysts after the quarterly results are displayed on the Company's website.
3. Shareholding pattern is displayed on the Company's website; the information is updated on a monthly basis.

P. Compliance with certain non-mandatory requirements

1. The Code of Business Conduct and Ethics which includes the Whistle Blower Policy and Conflict of Interest is in place. No employee of the Company was denied access to the Audit Committee.
2. The Company periodically reviews its corporate governance practices to match internationally accepted codes, which are briefly dealt in Part II.

PART – II

COMPLIANCE WITH OTHER CODES OF CORPORATE GOVERNANCE

Codes of best practice recommended by the Cadbury Committee for effective Corporate Governance

In December 1992, the Cadbury Committee published its Code of Best Practice. The recommendations, which largely reflected perceived best practices at the time, included separating the roles of CEO and chairman, having a minimum of three non-executive directors on the Board and the formation of Audit Committee. The code also advocated that institutional investors play a more active role in the promotion of good practice in corporate governance.

The Company substantially complies with the Cadbury Committee recommendations.

THE OECD principles of Corporate Governance

OECD is the Organization for Economic Co-operation and Development. The OECD principles of corporate governance were endorsed by OECD ministers in 1999 and have since become an international benchmark for policy makers, investors, corporations and other stakeholders worldwide. The principles have been thoroughly reviewed in 2004 to take account of recent developments and experiences in OECD member and non-member countries. The principles are a living instrument, offering non-binding standards and good practices as well as guidance on implementation, which can be adapted to the specific circumstances of individual countries and regions.

The Company complies with the relevant OECD principles.

Euroshareholders Corporate Governance guidelines, 2000

The European Shareholders Group, "Euroshareholders", is the confederation of European shareholders associations. It was founded in 1990 and is based in Brussels. At present, eight national shareholders associations are members of Euroshareholders. The Organization's overall task is to represent the interests of individual shareholders in the European Union.

The main objectives of Euroshareholders are:

To support harmonization at the EU level on issues such as minority shareholder protection, transparency of the capital markets and cross-border proxy voting.

To enhance shareholder value in European companies.

To support corporate governance issues at the European level.

In April 1999, the Organization for Economic Co-operation and Development (OECD) published its general principles on corporate governance. Euroshareholders guidelines are based upon the same principles, but are more specific and detailed.

The Company substantially complies with the guidelines, except the following:

"Companies should clearly state (in writing) their financial objectives as well as their strategy, and should include these in the Annual Report."

Combined Code of Corporate Governance

The Combined Code was derived from the Ron Hampel Committee's Final Report and from the Cadbury and Greenbury reports. The Combined Code is appended to the listing rules of the London Stock Exchange.

The stipulations contained in the Combined Code require, among other things, that the Boards should maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. They also required that the directors should, at least annually, conduct a review of the effectiveness of the group's system of internal control and should report to shareholders that they have done so. The review should cover all controls, including financial, operational and compliance controls and risk management.

The Company substantially fulfils the requirements under the code, excepting that the Chairman is a working director and evaluation of performance of the Board is done on yearly basis. The Governance committee of the Board will take it forward.

PART – III UNIQUE FEATURES OF MASTEK'S POLICIES

Some of the unique policies which Mastek has been following:

- *Mastek's Board spends considerable time discussing corporate governance matters, including business ethics and best practices. On a quarterly basis, there is a corporate governance report comprising of internal reports and certifications on business risk management, financial* *planning & budgeting, financial risk mitigation & management, shareholder relationship, customer relationship, employee relationship, other stakeholder relationship and asset & IPR protection. The Board discusses the report at length at its meetings. In addition, the customer survey analysis, the employee survey analysis are placed at the Board meetings.*

- *Mastek informally conducts satisfaction surveys with analysts from leading domestic and foreign brokerage houses from time to time. The findings are used to stream line the Company's investor relations program and processes.*
- *Four of Mastek's non-executive Directors are independent and are not in any way related to the Company.*

PART – IV REPORT OF THE COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE

The Audit Committee of the Board consists of the following directors:

Mr. S. Sandilya – Chairman

Ms. Priti Rao

Mr. Ashank Desai

Mr. Venkatesh Chakravarty

The committee has, *inter alia*, the mandate to oversee the Company's financial reporting process and the disclosure of financial information in order to ensure that the financial statements are correct, sufficient and credible. The committee reviewed the independence of both the internal and the statutory auditors and expressed its satisfaction with the same. The Committee discussed the quality of the accounting principles as applied and significant judgments affecting the financial statements, with the management as well as the internal and the statutory auditors of the Company. The committee also discussed with the statutory auditors, without the presence of the management, the Company's financial disclosures and the quality of the Company's accounting principles as applied, underlying judgements affecting the financial statements, and other significant decisions made by the management in preparing the financial disclosures. The committee, relying on the review and discussions conducted with the management and the independent auditors, believes that the Company's financial statements are fairly presented in conformity with Indian Generally Accepted Accounting Principles in all material aspects. The committee is satisfied that it adequately meets with its responsibilities as recommended in the SEBI Code.

The committee had discussed with the internal and statutory auditors the internal controls to ensure that the accounts of the Company are properly maintained and that accounting transactions are in accordance with prevailing laws and regulations. The committee reviewed the annual audit program and discussed with the auditors their findings and with the management, the follow-up actions. Nothing of a material nature was reported by the auditors.

The Committee has recommended to the Board , the audited stand alone and consolidated financial statements prepared as per Indian GAAP of Mastek Limited and its subsidiaries for the year ended June 30, 2012 to be accepted by the Board as a true and fair view statement of the financial status of the group .

The Committee, reviewed the Foreign Exchange Exposure Status and Legal Compliance Status on quarterly basis and expressed its satisfaction with the same .

The committee reviewed and approved the Internal Audit Plan for the financial year 2012-13.

The committee has recommended to the Board the appointment of Price Waterhouse, Chartered Accountants, as statutory auditors of the Company for the financial year ending June 30, 2013 and that the necessary resolutions for appointing them as auditors be placed before the shareholders.

In view of her pre occupation, Ms. Priti Rao requested to be relieved from the Chairmanship of the Audit Committee. However she has agreed to continue as the member of the Audit Committee. The Audit Committee Members appointed of Mr. S. Sandilya as the Chairman of the Audit Committee in her place with effect from April 20 , 2012.

Place: Mumbai
Date: July 27, 2012

S. Sandilya
Chairman

2. SHARE TRANSFER CUM INVESTOR GRIEVANCES COMMITTEE

The Investor Grievance Committee consists of the following directors:

Mr. Ashank Desai:- Chairman

Mr. Sudhakar Ram

Mr. R. Sundar

The committee is headed by Mr Ashank Desai, Non Executive director. The committee has the mandate to review and redress shareholder grievances and to attend to share transfers and allotment of shares. The committee reviewed shareholder grievance, redressal of shareholder grievance, share transfer and allotment of 75,000 equity shares during the year and expressed satisfaction with the same. The committee also noted that the shareholding in dematerialized mode as on June 30, 2012 was 98.62 %.

The details of complaints resolved during the financial year ended June 30, 2012 are as follows :

Nature of Complaints	Received	Resolved	Closing
Dividend	1	1	-

Place: Mumbai
Date: July 27, 2012

Ashank Desai
Chairman

To the Members of Mastek Limited

Declaration regarding compliance with the code of conduct of the Company by Board Members and Senior Management Personnel

This is to confirm that the Company has adopted Code of Conduct for the Board of Directors and Senior Management Personnel of the Company, which is available at www. mastek.com.

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company.

Place: Mumbai **Sudhakar Ram**
Date: July 27, 2012 Chairman and Managing Director

CERTIFICATE FROM PRACTISING COMPANY SECRETARY

ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

I have examined the compliance of conditions of Corporate Governance by Mastek Limited for the year ended June 30, 2012 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements. I state generally that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer cum Investor Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V.Sundaram & Co.

V. Sundaram
Place: Mumbai Practising Company Secretary
Date: July 27, 2012 C.P.No. 3373

SECRETARIAL COMPLIANCE REPORT

The Board of Directors
Mastek Limited
Mumbai

We have examined the registers, records and documents of Mastek Limited ("the Company") for the financial year ended on June 30, 2012 according to the provisions of:-

- The Companies Act, 1956 and the Rules made there under;
- The Securities Contracts (Regulation) Act, 1956 and the Rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 along with the Listing Agreements with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with BSE Limited and all Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under and to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);

Based on our examination as well as information and explanation furnished by the Company to us and the records made available to us, we hereby report that:

a. The requirements relating to the meetings of Directors and its Committees thereof and of the shareholders, the minutes of the proceedings thereat have been duly complied with by the Company. The Company has a Board consisting of 8 members and the board had met 5 times and the minutes have been recorded properly in the minutes book maintained for the purpose. As required under the Listing Agreement and the provisions of the Companies Act the Company has the following Committees:

   i. Audit Committee: The committee has met 4 times during the year under review. The minutes are properly recorded.

   ii. Share Transfer cum Investor Grievance Committee: The committee had held 7 meetings and the minutes are properly recorded.

   iii. Compensation/Remuneration Committee: The committee had held 4 meetings and the minutes are properly recorded.

   iv. Other non-mandatory committees: Governance Committee, Nominations Committee, Corporate Directions Committee.

   The Company has not passed any resolutions through the postal ballot route under the provisions of Section 192A and the rules made there under.

b. The re-appointments of Directors who retired by rotation during the period under review at the Annual General Meeting have been made in accordance with the requirements of the Act. Mr. S. Sandilya was appointed as an additional director on January 19, 2012.

   Mr. Ashank Desai, Non-Executive Director, was paid certain perquisites/facilities amounting to ₹ 648,808 which have been within the limit of ₹ 15.00 Lakhs as specified in the consent letter issued by the Government of India on an application made by the Company.

   The Company had applied to the Ministry of Corporate Affairs (MCA) for waiver of recovery of excess remuneration paid to Mr. Sudhakar Ram as Chairman and Managing Director and Mr. Radhakrishnan Sundar as Executive Director for the year ended June 30, 2011. The same applications were approved by MCA wide its letter No. B 22 040828/4/2011 dated March 1, 2012 and No. B 22 041347/4/2011 dated March 1, 2012.

   The Company had also applied to the Ministry of Corporate Affairs (MCA) for approval to the appointment of Mr. Sudhakar Ram as Chairman and Managing Director and Mr. Radhakrishnan Sundar as Executive Director w.e.f. July 1, 2011 for a period of 3 years. The same applications were approved by MCA wide its letter No.B 22 064349/4/2011 dated March 1, 2012 and No.B 22 064346/4/2011 dated March 1, 2012.

c. Due disclosures under the requirements of the statutes have been made by the Company. The Company had allotted 75,000 Equity Shares under ESOP schemes for its executives and employees, after complying with the provisions of the Companies Act and the Listing Agreements. The shares so allotted have been listed as required under the Listing Agreement. The Company has also complied with all the requirements of the Listing Agreements with the Stock Exchanges. The Company has complied with the provisions of SEBI (Disclosure & Investor Protection) Guidelines 2000.

d. Company has complied with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 as amended from time to time. The Company has received the information as required from the promoters & others and had filed statements with the stock exchanges under the regulation 30 (3) of the said Regulations within the stipulated period.

e. The Company has complied with the requirements of the Depositories Act 1996 pertaining to dematerialization of shares. As per information received from Sharepro Services (I) Pvt. Ltd, who were appointed by the Company as

Registrars and Transfer Agents (RTA), 2 requests for rematerialization has come. The Company has not received any request from any members holding physical shares for transfer/transmission/transposition.

f. The Company has transferred the monies lying in unclaimed dividend account to the Investors' Education and Protection Fund.

g. The Company has obtained credit facilities from Banks (non-fund and the necessary compliances of the provisions of section 293(1) (a) and 293 (1) (d) of the Act are made. The Company has not created/modified/satisfied any charge during the year under review.

h. The Company has complied with the provisions of section 372A and other provision of the Act in respect of guarantees given, loans granted and investment made by way of Equity Shares in subsidiaries and other companies during the financial year ending June 30, 2012. The Company has, wherever required, obtained the necessary approvals of the Board or Committee thereof, shareholders, the Central Government or other authorities as per the requirements of the Act.

i. The Company has neither accepted any Fixed Deposits nor borrowed by way of debentures. The dividend declared has been paid during the year. The Annual Return and the Annual Reports were duly filed as required under the Act. The Company has, therefore not defaulted in any of the provisions of Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as Directors of any other Company.

j. The Company has complied with the relevant clauses of the listing agreement with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, Corporate Governance Standards as prescribed in clause 49 of the Listing Agreement. The Company has complied with the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 as amended from time to time. The Company has laid down the Code of Conduct for Directors and other Senior Executives as required under the Clause 49 of the Listing Agreement.

k. The Company has made proper entries in the register and relevant disclosures of the Contracts in which directors are interested as required under the Section 301 of the Companies Act.

l. The Company has not Bought-back any shares during the period under review.

m. The Company has been taking adequate measures with regard to Risk Management and a Risk Management Committee deliberates on the concerned issues and the same is being placed before the Governance Committee and the board is being periodically appraised on the issue.

For V.Sundaram & Co.

V. Sundaram

Place: Mumbai
Practising Company Secretary

Date: July 27, 2012
C.P.No. 3373

INVESTOR INFORMATION

1. **COMPANY OVERVIEW**:

Incorporated in 1982, Mastek is a leading IT player with global operations providing enterprise solutions to businesses and governments worldwide. The Company architects, designs, develops, integrates and maintains strategic applications that create a tangible business impact at customers' end. The Company is currently focused on two verticals – Insurance and Government. Mastek has substantial experience and intellectual property in both these verticals.

Mastek is having its operations in North America, UK, India and Asia Pacific. The Company was promoted by Mr. Ashank Desai, Mr. Ketan Mehta and Mr. R. Sundar. Mr. Sudhakar Ram joined the Company as Promoter Director during the year 1984.

Mastek had its IPO (Initial Public Offering) in December, 1992 and raised ₹ 422.1 lakhs in gross aggregate proceeds. There was an additional public offering in March 1996 when it raised ₹ 720 lakhs in gross aggregate proceeds.

2. **EQUITY HISTORY: Number of shares**

Prior to Initial Public Offer	23,97,000 of ₹ 10/ each
Initial Public Offer in December, 1992	6,03,000 of ₹ 10 / each
Issued under Employees' Stock Option Plan till 1996	56,640 of ₹ 10/ each
Second Public Offer in March, 1996	4,00,000 of ₹ 10/- each
Bonus Shares in January, 2000	34,56,640 of ₹ 10/- each
Adjusted the above in view of sub-division of shares of ₹ 10/- into two shares of ₹ 5/- each	1,38,26,560 of ₹ 5/- each
Buy-back of shares in 2003-04 & 2004-05	3,99,848 of ₹ 5/- each
Bonus Shares in April, 2006	1,40,54,594 of ₹ 5/- each
Issued under Employees' Stock Option Plans from 2000-01 till 2008-09	10,78,283 of ₹ 5/- each
Shares Bought back from May 2008 to June 30, 2008	14,83,232 of ₹ 5/- each
Shares Extinguished till June 30, 2008	9,15,714 of ₹ 5/- each
Issued under Employees' Stock Option Plans in 2009-10	44,443 of ₹ 5/- each
Issued under Employees' Stock Option Plans in 2010-11	7,250 of ₹ 5/- each
Issued under Employees' Stock Option Plans in 2011-12	75,000 of ₹ 5/- each

3. **THE COMPANY'S EQUITY SHARES ARE LISTED ON THE FOLLOWING STOCK EXCHANGES**:

National Stock Exchange of India Limited

Bombay Stock Exchange

(i) All inquiries relating to the shareholder records, share transfers, transmission of shares, change of address, non-receipt of dividend, loss of share certificates, etc. should be addressed to:

The Share Transfer Agent:
Sharepro Services (I) Pvt. Ltd.
Samhita Warehousing Complex,
13AB, Gala No. 52,
Nr. Sakinaka Telephone Exchange,
Off. Andheri-Kurla Road,
Andheri (East),
Mumbai – 400 096
Phone: 67720300 / 6772 0372 / Fax : 2837 5646
e-mail: sarita@shareproservices.com /
indira @shareproservices.com
Contact Person: Ms. Indira Karkera / Ms. Sarita

(ii) **Share Transfer System** :The Company processes shares sent for transfer, transmission etc. every month. Transfers/transmissions which are complete in all respects are registered and returned within 30 days of lodgement.

The Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Clause 47 (c) of the Listing Agreements of the Stock Exchanges. The Company has obtained quarterly certificates for the timely dematerialization of shares of the Company as per the requirement of the SEBI (Depositories & Participants) Regulations, 1996. These certificates have been submitted to the Stock Exchanges and the National Securities Depository Limited / Central Depository Services (India) Limited. The Company has also carried out Secretarial Audits for the Reconciliation of Share Capital as required under the Listing Guidelines every quarter and the quarterly secretarial audit reports issued by an independent Practising Company Secretary have been regularly filed with the Stock Exchanges.

(iii) Bank Details for Electronic Shareholdings:

While opening accounts with Depository Participants (DP), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. SEBI vide its circular no. DCC/FITTCIR-3/2001dated October 15, 2001, has advised that all companies should mandatorily use ECS facility wherever available. In the absence of availability of ECS facility, companies may use warrants for distributing the dividends. Vide its circular no. D&CC/FITTC/CIR-04/2001 dated November 13, 2001, SEBI has advised companies to mandatorily print the Bank Account details furnished by the Depositories on the dividend warrants. This ensures that dividend warrants, even if lost or stolen cannot be used for any purpose other than for depositing the money in the Account specified on the dividend warrants and ensures safety for the investors. Members are requested to furnish their Bank Account details to their DPs, if not already informed.

(iv) **Ministry Of Corporate Affairs, Govt. of India** has issued circular No. 17/2011 dated April 21, 2011 and circular No. 18/2011 dated April 29, 2011 in respect of Green Initiative. Accordingly Company sent a communication to all the members requesting them to give their E-mail I.D's to their Depositary Participants (DPs), so that Annual report and other communications can be sent electronically to all the members.

Members, who have so far not informed the E-mail I.D's to their DP's, are requested to do the same in the interest of environment.

4. ANNUAL GENERAL MEETING:

- Date and Time : October 5, 2012 at 11.00 a.m.
- Venue : GICEA, Nirman Bhavan, opp. Law Garden, Ellis Bridge, Ahmedabad - 380 006

5. FINANCIAL CALENDAR:

- Financial reporting for the quarters ending –

September 30, 2012	:	around October 19, 2012
December 31, 2012	:	around January 22, 2013
March 31, 2013	:	around April 19, 2013
June 30, 2013	:	around July 26, 2013

6. BOOK CLOSURE DATE : September 26, 2012 to October 5, 2012.
(Both days inclusive)

7. STOCK CODE:

Name of Exchange	Script Code	Reuters	Bloomberg
Bombay Stock Exchange	523704	MAST.BO	MAST@IN
National Stock Exchange of India Limited	MASTEK	MAST.NS	MMAST@IN

8. LISTING FEES PAID: The Company has paid annual listing fees of the Stock Exchanges where the Company's shares are listed.

9. CAPITAL STRUCTURE:

Authorised Capital	Equity	₹ 20,00,00,000/-
	Preference	₹ 20,00,00,000/-
Issued, Subscribed and Paid-up Capital	Equity	₹ 135,130,935/-

10. DISTRIBUTION OF SHAREHOLDING

Distribution of share holding as on June 30, 2012

Range No of shares	Shareholders Numbers	%	Value ₹	%
1- 500	16,197	91.38	7,539,570	5.58
501-1000	895	5.05	3,462,760	2.56
1001-5000	553	3.12	5,702,440	4.22
5001-10000	52	0.29	1,935,590	1.43
10001 and Above	28	0.16	116,490,575	86.21
Total	**17,725**	**100.00**	**135,130,935**	**100.00**

Distribution of share holding as on June 30, 2011

Range No of shares	Shareholders Numbers	%	Value ₹	%
1- 500	17,319	91.66	7,957,980	5.90
501-1000	888	4.70	3,431,865	2.55
1001-5000	559	2.96	5,980,530	4.44
5001-10000	46	0.24	1,648,110	1.22
10001 and Above	82	0.44	115,737,450	85.89
Total	**18,894**	**100.00**	**134,755,935**	**100.00**

11. ANNUAL HIGH-LOW PRICE HISTORY FOR PREVIOUS THREE YEARS

Fiscal Year	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	Price Per Equity share (₹)		Price Per Equity share (₹)	
	High	Low	High	Low
2012	136.00	73.00	136.00	72.25
2011	311.50	88.70	311.95	89.05
2010	462.00	192.00	465.55	195.00

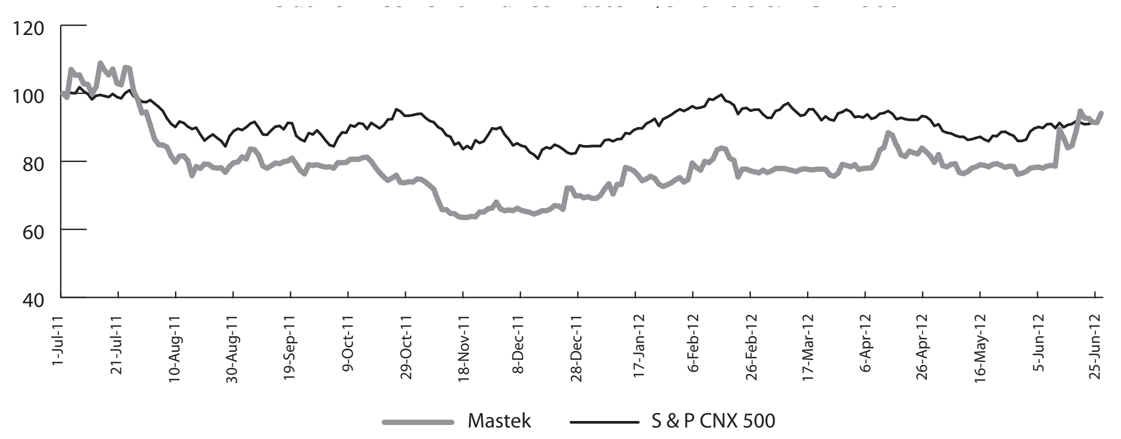
12. QUARTERLY HIGH-LOW PRICE HISTORY FOR PREVIOUS TWO YEARS

Fiscal Year	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	Price Per Equity share (₹)		Price Per Equity share (₹)	
	High	Low	High	Low
2012				
1st quarter	136.00	88.00	136.00	87.30
2nd quarter	107.00	73.00	108.90	72.25
3rd quarter	109.00	80.25	108.70	79.35
4th quarter	116.30	88.00	116.35	88.25
2011				
1st quarter	311.50	239.25	311.95	240.00
2nd quarter	253.90	161.00	253.50	160.00
3rd quarter	190.00	118.00	189.70	118.00
4th quarter	136.75	88.70	137.30	89.05

13. MONTHLY VOLUMES AND PRICES: 2011-12

Month and year	BOMBAY STOCK EXCHANGE			NATIONAL STOCK EXCHANGE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
July 2011	136.00	110.30	657,923	136.00	110.00	7,520,814
August 2011	114.50	88.00	4,98,663	115.90	87.30	1,641,852
September 2011	102.00	89.10	2,80,148	101.80	89.10	1,165,437
October 2011	107.00	86.10	192,391	108.90	86.00	1,357,865
November 2011	90.50	73.00	135,455	91.90	72.25	463,543
December 2011	88.50	74.35	2,86,167	88.90	74.00	631,130
January 2012	95.90	80.25	266,523	96.00	79.35	1,027,365
February 2012	109.00	85.60	282,572	108.70	85.40	1,232,708
March 2012	94.80	86.65	144,441	94.35	88.00	300,060
April 2012	108.90	88.00	317,785	109.00	90.20	1,529,848
May 2012	101.00	88.00	89,638	100.90	88.25	180,695
June 2012	116.30	88.50	313,305	116.35	88.35	2,894,010

MASTEK SHARE PRICE PERFORMANCE VERSUS NSE's S&P CNX 500



Note: Daily Closing Prices on the NSE have been considered for the comparison in above chart
Source: www.nseindia.com

Note: Daily closing prices on the NSE have been considered for the comparison in above chart.
Source: www.nseindia.com

14. SHAREHOLDING PATTERN - AS ON JUNE 30, 2012

	Category	No. of Shares	% of Shareholding
1	INDIAN PROMOTERS	11,506,660	42.58
2	MUTUAL FUNDS AND UTI	16,600	0.06
3	FINANCIAL INSTITUTIONS/BANKS	70	0.01
4	INSURANCE COMPANIES	3,153,000	11.66
5	FII'S	5,077,075	18.79
6	BODIES CORPORATE	420,980	1.55
7	INDIVIDUALS HOLDING NOMINAL CAPITAL UPTO ₹ 1 LAKH	3,411,410	12.62
8	INDIVIDUALS HOLDING NOMINAL CAPITAL MORE THAN ₹ 1 LAKH	3,250,131	12.03
9	NRIs	190,261	0.70
	GRAND TOTAL	**27,026,187**	**100.00**

AS ON JUNE 30, 2011

	Category	No. of Shares	% of Shareholding
1	INDIAN PROMOTERS	11,506,660	42.69
2	MUTUAL FUNDS AND UTI	19,600	0.07
3	FINANCIAL INSTITUTIONS/BANKS	2,510	0.01
4	INSURANCE COMPANIES	3,336,300	12.38
5	FII'S	6,176,441	22.92
6	BODIES CORPORATE	625,811	2.32
7	INDIVIDUALS HOLDING NOMINAL CAPITAL UPTO ₹ 1 LAKH	3,417,146	12.68
8	INDIVIDUALS HOLDING NOMINAL CAPITAL MORE THAN ₹ 1 LAKH	1,697,321	6.30
9	NRIs	169,398	0.63
	GRAND TOTAL	**26,951,187**	**100.00**

15. DETAILS ON PHYSICAL & ELECTRONIC MODE

Date	Status of Shares - Physical versus Electronic mode		
	Physical	Electronic	Total
June 30,2012	373,278	26,652,909	27,026,187
June 30, 2011	381,310	26,569,877	26,951,187

16. OVERVIEW OF THE VOLUME OF CORRESPONDENCE HANDLED DURING THE YEAR ENDED JUNE 30, 2012:

	No of Letters
Investors' correspondence handled	
* Classification of correspondence handled	
1. General letters seeking information and advice	-
2. Cases of non-receipt despite proper dispatch of dividend Warrants and Share Certificates. (Complaints not amounting to grievance)	1
3. Complaints	-
Total	**1**

There were no pending transfers as on June 30, 2012.

17. Institutional Shareholders with more than 1% holding as at June 30, 2012

Sr. No.	Name of the shareholder	No. of shares	Shares as percentage of total no. of shares {i.e.Grand Total(A)+(B)+C) indicated in statement at para (1)(a) above}
1	Nalanda India fund Ltd	2,688,020	9.95
2	Fidelity Purita Trust Fidelity Low Priceed	2,025,000	7.49
3	Bajaj Allianz Life Insurance Company Ltd	1,569,280	5.81
4	Life Insurance Corporation of India	1,550,404	5.74
5	Anagha Advisors LLP	471,712	1.75

18. Transfer to Investors Education and Protection Fund:

Pursuant to Provisions of Section 205 A (5) and Section 205 C of the Companies Act 1956 (the Act) the amount of Dividend of ₹ 2,35,543 for the financial year ended June 30, 2005 which has remained unclaimed and unpaid for a period of seven years from the date of transfer of such amount to unpaid dividend account is required to be transferred to Investors Education and Protection Fund (IEPF) established by Central Government.

Accordingly the amount of dividend for the financial year ended June 30, 2005 which would remain unclaimed and unpaid for stipulated period is due to be credited to IEPF on September 6, 2012 and accordingly would be transferred to Investors Education and Protection Fund (IEPF) established by Central Government. Please note that no claims shall lie against the IEPF or the Company in respect of such amounts after the date of transfer.

19. Information for shareholders on the Internet

The Company actively communicates it's strategy and the developments of it's business to the financial markets. The senior executives of the Company along with M/s.Christensen Investor Relations (I) Private Limited - our Investor advisor regularly meet the analysts. The press release, analysts' conference calls as well as the presentations at analysts meetings are organized by M/s.Christensen Investor Relations (I) Private Limited - our Investor advisor. Decisions in such meetings are always limited to information that is already in the public domain . Please access the homepage at http://www.mastek.com and register yourself for regular updates.

20. Outstanding GDRs/ADRs/warrants or any convertible instruments:

There are no outstanding GDRs/ADRs/warrants except for the stock options granted to the employees of the Company and its subsidiaries which shall be eligible for conversion over the vesting period. The options, when exercised, shall increase the equity share capital.

21. Off-shore Development Centers:

The Company has Off-Shore Software Development Centers at SEEPZ, Mumbai, Mastek Millennium Center, Millennium Business Park, Mahape, Pune and Chennai.

22. Compliance Officer of the Company:

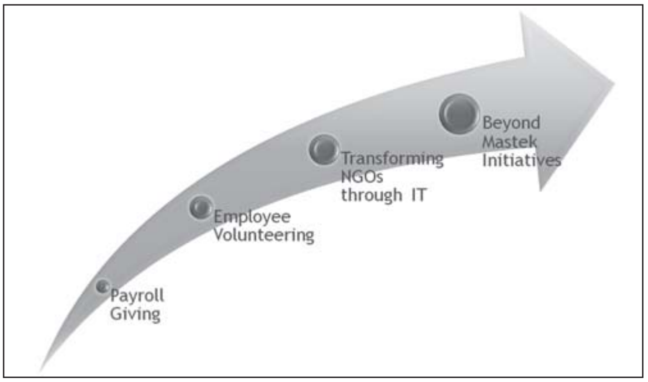
Name: Bhagwant Bhargawe, Company Secretary

Address: Mastek Limited, #106, SDF-4, SEEPZ, Andheri (East), Mumbai-400 096
Phone No: + 91-22-66952222 Fax: +91-22-66951331

Mastek Foundation 2011-2012

Mastek Foundation is Mastek's CSR initiative for community intervention. The foundation's mission is to inspire communities, institutions and individuals to make a difference through **'Informed Giving, Responsible Receiving'**.

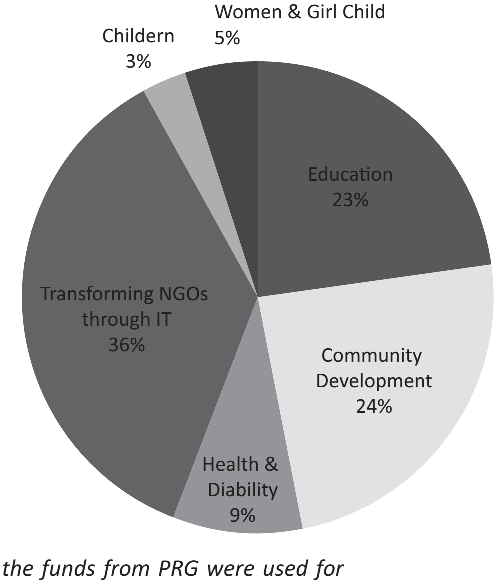
Mastek Foundation's broad initiatives include:



Mastek foundation activities

1. **Payroll Giving (PRG)**

   Mastekeers are sensitized to community issues through various activities of the Mastek Foundation. Under Payroll Giving, a Mastekeer can opt to have certain portion of his or her pay deducted at source to fund an NGO or a cause.



What the funds from PRG were used for

2. **Employee Volunteering**

   Mastek Foundation enables Mastekeers to participate in community volunteer work. Some of the activities that happen regularly include blood donation, clothes donation, book donation and teaching and mentoring underprivileged children.

2.1 Marathon

Mastek Foundation supported the NGO Kherwadi Social Welfare Association (KSWA) in the annual Standard Chartered Mumbai Marathon in January 2012. 100 Mastekeers participated with lot of enthusiasm, spreading the message of giving through 'Informed Giving, Responsible Receiving' placards. KSWA works for marginalized youth by providing them vocational training in various fields.

Mastekeers with Ashank

Mastekeers during the run

2.2 Clothes Donation Drive

Death rates among the homeless in North India increase during the chilly winters because they don't have shelter and warm clothes. Mastek Foundation, in association with NGO GOONJ organized a clothes donation drive at the Mumbai offices. Mastekeers, as always, were up to the challenge and donated 250 kg of clothes.

2.3 Blood Donation Drive

As many as 340 Mastekeers donated blood during a donation drive conducted by Mastek Foundation in association with NGO Think Foundation.

Blood donation drive at Mastek

3. Transforming NGOs through IT

The Mastek Foundation organized a workshop for NGOs on ‘Transforming NGOs through IT’ in October 2011. We used our core competence of IT in this workshop to help NGOs in capacity building.

Mastek Foundation identified two NGOs to enroll in this initiative — Snehalaya (Ahmednagar) and Yuva Parivartan (Bandra).

Snehalaya works with sex workers, providing treatment to HIV+ patients, educating them, operating an adoption centre, and a rehabilitation facility. Yuva Parivartan, also known as KSWA, provides a second chance for school dropouts through vocational training.

Mastek Foundation leveraged Mastek’s IT expertise in analysis and evaluation and program management to ensure that the objectives of both NGOs were met.

4. Beyond Mastek

Apart from engaging and involving Mastek employees in volunteering activities, Mastek Foundation also helps Mastek employees who are making a difference to the world at large.

One such example is Shrinivas Kini, who is actively involved in bringing art into the classroom through a series of painting competitions between schools. These are no ordinary paintings, but large ones, which foster teamwork among the schoolchildren.

Mastekeers with school kids at an Indradhanush exhibition at Mahape

Shrinivas Kini with School Children

Spirit of Mastek Award

In accordance with our mission of promoting ‘Informed Giving and Responsible Receiving’, Mastek Foundation felicitated Adhik Kadam with the Spirit of Mastek award in April 2012.

Adhik is the founder of Borderless World Foundation (BWF), which was established in 2002. In 1997, Adhik found that there were 15,000 orphans in a district of Kashmir alone. There were shelters for boys, but none for girls. So he decided to build homes for orphans in Kashmir. He has been doing exceptional work in the community.

Mastek foundation trustee Ashank Desai felicitating Adhik.

L&G 'Making a Difference' Award

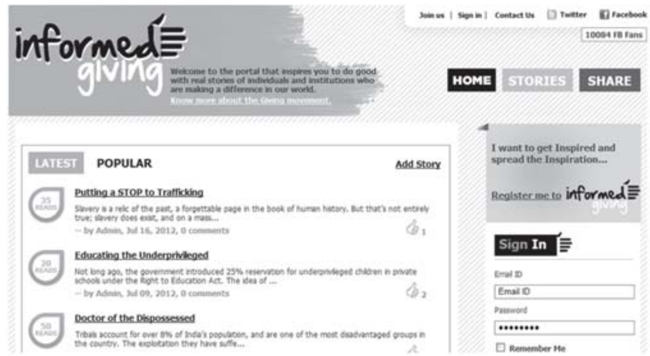
Every year, Legal & General holds recognizes the achievements of its suppliers who 'Make a Difference' to their communities through corporate social responsibility (CSR) efforts.

Mastek Foundation was among the finalists of Legal & General's 'Making a Difference' award for 2011'. We were recognized for engaging our employees in community initiatives, in particular the efforts by over 300 employees to raise funds for an ambulance for Mahan Trust of Melghat.

VP Corporate communication Sanjay Mudnaney receiving the award

Informed Giving Website

Mastek Foundation set up the Informed Giving web site (www.informed-giving.org) to invite passionate but hitherto passive crusaders from across the world to spread the word on individuals and institutions making a difference to their communities.



www.informed-giving.org website

30th Anniversary Celebration

Mastek Foundation celebrated Mastek's 30th anniversary by organizing a dance competition for kids from NGOs Aarambh

The winning team from NGO Prerna.

(works for underprivileged children), Sangopita (special children), Prerna (children of sex workers) and Akanksha (marginalized youth).

CORPORATE SOCIAL RESPONSIBILITY 2011-12 (CONTD.)

Mastekeers, along with children of the NGO Prerna, also painted the wall in the cafeteria at the Mahape office near Mumbai with the message ‘Save Water’.

Collage of the wall painting activity

Mastekeers are sensitized about the environment through Greenovate activities. An exhibition of products held using the principle of the 3 Rs – Reuse, Recycle and Reduce.

Mastekeers at the exhibition of products made using the 3 Rs

Mastek organised “Techies in the Village”, a one-day trip to Ganeshpuri and surrounding areas near Mumbai. The Mastek Foundation supports the NGO PRASAD Chikitsa, which works in this area. The trip gave an opportunity to see the kind of work PRASAD was doing. The Mastekeers had a chance to eat a village-style lunch, and a visit a model village that the youth had worked to keep spick and span.

The welcome at a village

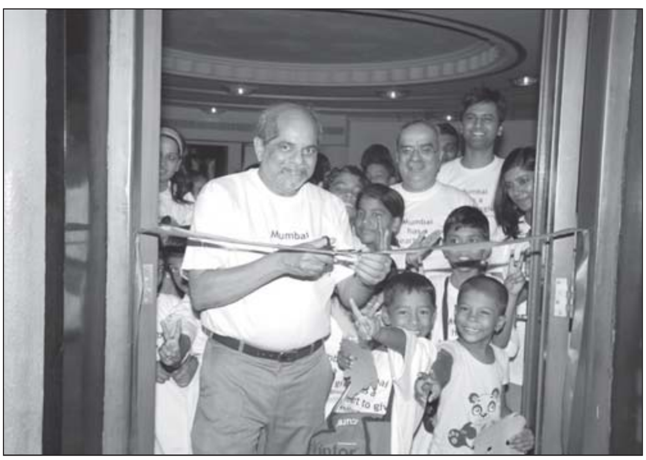
A traditional Harpa dance performed by villagers for Mastekeers

Dr. Nandita Shah, a registered homeopathic medical practitioner (L.C.E.H.) since 1981, held a myth-busting session on disease and wellness in which 150 Mastekeers took part.

Mastekeers at the wellness session.

Mastekeer with Dr. Nandita Shah after the session.

Mastek Foundation organized a special screening of the animated movie Madagascar 2 at Eros theatre in Mumbai for street children. Trustee Ashank Desai inaugurated the first screening and watched the movie with the children. Mastekeers sponsored movie tickets, T-shirts, snacks and transportation for 200 Street Children.



Ashank Desai inaugurating the first screening at Eros theatre

Children after the movie at Eros

An origami session was organised by Ravindra Pradhan and friends for Mastekeers and children of the NGO Prerna.

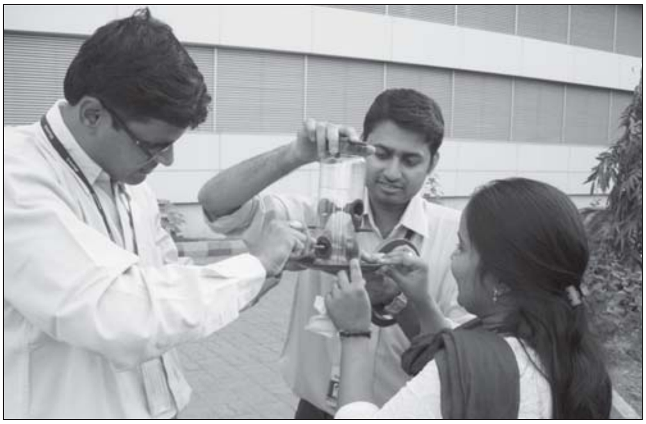
Mastekeers with the children of the NGO Prerna at the origami session

Children with the team who taught them origami

A painting programme was organised for women inmates of a jail in Mumbai. Sixteen inmates made 116 paintings in three days. These paintings were given as mementos to guests at the external event and were highly appreciated.

Paintings done by the women inmates of the jail.

The Greenovate programme sensitized Mastekeers to the plight of birds in summer. In Mastek's Zen garden at Mahape, a group of Mastekeers hung bird feeders and nesting sites.



Group of Mastekeers working on the bird feeder.

Children of Akanksha along with their mentors.

Some Mastekeers have been mentoring children from the NGO Akanksha for the past three years. These teenagers are from a difficult background and meet Mastekeers every Saturday for two hours to discuss their lives and current affairs. One of the boys who was mentored by Mastekeers now owns a business. The children along with their mentors visited Bhau Daji Museum at Byculla, Tarapore Aquarium in Marine Lines and the Monetary Musuem in Fort, Mumbai.

The year 2011-12 was certainly very eventful for the Mastek Foundation.

PEOPLE PRACTICES

The focus of Mastek's people related practices is firmly aimed at turning potential into outperformance. Supporting and thereby expecting outperformance from each and every Mastekeer is key to Mastek's success.

With a view to ensure outperformance in everything we do, below are a few of the initiatives that were undertaken this past year.

Building Engaged Teams

Employee Engagement remains a key focus area for us and we took action this year to understand and improve engagement levels of Mastekeers. The Mastekeers' Engagement Survey 2011 which was conducted in association with a third party vendor gave us insights into the engagement drivers for Mastek. We actively leveraged these drivers by sharing engagement results and acting on feedback across Value Corridors & Functions. Each team got together to dialogue their engagement results, chart action plans and track implementation. There is some good momentum created and the same is kept up by sharing updates across the organization.

Plans are also underway to carry out a follow-up feedback survey in early 2013 to ensure continued focus on employee engagement.

Engaging & Developing Outperformers – The Prism Club

This year we revamped Prism Club to ensure outperformance in every activity we run. Thus the renewed focus for the year was on individual grooming & development through involvement of Leaders across the organization through 'Good to Great' program for middle management and stream based grooming program 'Sync Up' for junior Mastekeers.

We continued our Best Practice of getting External Leader to talk & interact with our Top Performers. In a recent session, we had Mr. Harish Mehta, founder member of NASSCOM visit us and share his expertise with Prism Members.

Runtime: 30 and Inspired

This year we celebrated Mastek's 30th Birthday, 'Runtime 2012' was organized and the theme was '30 and Inspired'. Runtime, an important institutional event brought together all Mastekeers and their families. The highlights of this year's Runtime included Long Service Awards, Mastek Rock Star – a Talent Hunt, performances by Senior Leaders and Chota Mastekeers. It was a night of non-stop entertainment, fun and togetherness. It was a time to celebrate our history and look forward to our future.

Creating Impactful Employee Communication programs

This year, we continued our best practices in employee communication like Quarterly Meetings, Monthly Leadership Newsletter (Insight), Senior Leadership Buzz & Chats and Town Hall for Managers.

In order to ensure greater reach and that each and every Mastekeer is informed and engaged, we adopted a new format of holding the Quarterly Meetings through simultaneous webcast to various Mastek locations. This new format has been a great success and employees across locations are brought together to celebrate successes, learn about various happenings across the company and interact with senior leadership.

Creating a Culture of Outperformance

Outperformance needs to be nurtured and encouraged. We do that by making sure that outperformance by individuals/ teams is recognized and rewarded in a timely and effective manner. Towards this goal we have strengthened and integrated our Awards framework, moved from geographical specific awards to global awards and introduced new awards to cover all parts of the organization.

To create a lasting culture of recognition, we also conducted an 'Expressions Week' where different activities related to recognition were run throughout the week. Some of the highlights of this week were 'Wall of Fame Day', 'Wind Beneath My Wings' and Technology Galaxy'.

Employee Engagement and Fun@Work

One of the unique practices of Mastek is to involve the families of Mastekeers in different initiatives so that they become a part of the Mastek Family. An initiative we undertook at this end was to conduct a 'Joyshop' for the children of Mastekeers. This workshop aimed at imparting key life skills based on the principles of yoga, meditation and self-awareness and was very well received. Throughout the year several initiative to bring cheer and rejuvenate people to outperform were conducted and these include Power Yoga, Art of Living Workshops, Health Awareness Campaigns and International Women's Day Celebrations. Every month saw at least two such initiatives to bring Mastekeers together to appreciate one another, enjoy and learn.

Learning and Development @ Mastek

Learning & Development function continued to innovate learning delivery methods by introducing Druid Wednesdays (teaching skills through a story telling method) and Techpedia.

As a part of organization level initiative around Awesome Outperformance, we had a dedicated Cross Functional Team working around Learning and Growth. This provided continuous inputs and recommendations on various focus areas with a goal to drive self learning in the organization. One such initiative was the setting up of a learning lab to enhance effectiveness of training, while making available hands on practice avenues on select new technologies .This was utilized by individuals during their free time and helped the organization create a pool of ready resources who can dive into projects with further more confidence.

Besides this various specialized rare skill trainings were delivered based on the current business requirements. For example, ODI, Datastage, Cognos, Informatica, Microsoft BI, Oracle 11g fusion middleware and various new technologies as per market trends. On the Certifications front this year we leveraged on Testing and Insurance certifications.

On the soft skills front, we strengthened our internal capability for Learning and Development. We optimized costs by designing and delivering internal programs which were very well appreciated by Mastekeers and business as a whole. We initiated a methodology for continuous earning around simple aspects of life and leadership. Druid, our protagonist shared knowledge every Wednesday by narrating short stories that relate to not just workplace but life in general and touched the hearts of many Mastekeers.

Learning options availability for onsite resources was enhanced to reach out to large number of onsite resources. Programs on technical as well as soft skills were made available to them. We continued strengthening our Theme Based Learning initiative – GLOW. The focus this year was on Java, Testing and Project management communities. On an average every event covered 350 plus Mastekeers. All the events were held across Mastek offices in India. The event included presentations by internal and external practitioners, webinars, various competitions and recognitions to further add participation and competitive spirit among Mastekeers. The Project management event, which focused on how managers could enhance their capabilities with project management skills, was well supported by PMI India with some of the best industry speakers. Series of webinars arranged on various knowledge areas of project management were well received by Mastekeers.

Compensation & Benefits and HR Operations

The roll out of global compensation revisions for 2011-12 was successfully completed after conducting due benchmark studies. Variable pay computations and releases were also completed globally, within the time lines committed to the employees. A new variable pay plan was formulated and communicated across to all eligible offshore employees at Grades where they were applicable, bringing in quarterly computations and payouts based on Year to Date achievement of Company financial goals.

As part of a Board directed initiative, the relevance and appropriateness of various HR Policies were reviewed by a third party HR professional, external to Mastek. The review revealed that all our policies were in tune with market prevalence. However, as part of our periodic review process, we continued to modify or simplify many of our employee related policies.

Again, on a Board directive, we conducted a mandatory quiz on the awareness levels of our employees to our Whistle Blower Policy as part of Code of Business Conduct & Ethics. More than 90% of our global population participated in the quiz and the awareness levels were seen to be above 80%. We are continuing our efforts to increase the awareness levels through various internal initiatives, including specific orientation sessions to include our sub-contractors and direct contractors, as well.

Cost optimization measures have been introduced to control costs without compromising on the quality of service, particularly in the areas of travel, hotel bookings and communication.

SUSTAINABILITY REPORT

Chairman and Managing Director's message

Mastek has had several initiatives in the area of sustainability in the past. We have had a look at our carbon emissions and how to reduce them. We have looked at our human capital and how to enhance it. We have looked at reducing wastage across the company. It is now time to take a more comprehensive view of sustainability and track our progress towards this.

Wikipedia defines **sustainability** as the capacity to endure. For humans, sustainability is the long-term maintenance of well-being, which has environmental, economic, and social dimensions, and encompasses the concept of union, an interdependent relationship and mutual responsible position with all living and non-living things on earth. This definition goes well beyond the limited corporate role that the UN Global Compact and other such bodies have laid down. In our tradition of **going beyond** the minimum expectations, Mastek's vision for sustainability is along similar dimensions.

Our vision for sustainability is the enduring well-being of Mastek and all our stakeholders. To elaborate, Mastek aspires to endure and flourish by supporting our customers, employees, shareholders, partners, our communities as well as our environment to endure and flourish.

Let's take a look at what it means for each stakeholder group:

Customers: Mastek aspires to deliver enterprise solutions of lasting value to our customers. Our aim is to make the best use of our human ingenuity and natural resources to build IT systems that return a benefit to our customers that is several times the investment made in them – in terms of efficiency, competitive differentiation and customer service. Mastek is also committed to making it easy for customers to do business with us, reducing the friction and costs of relationships.

One good example of this vision in action is the system we built for managing the Congestion Charging scheme in London. Over a decade, this system has returned substantial value in terms of human and environmental costs by reducing traffic congestion in London by 15% to 20% annually.

Employees: Our vision is to provide our employees – Mastekeers as they are called – with a work environment that respects their individuality and talent. We aim to unleash the full potential of every Mastekeer by providing them challenging engagements that bring out their best. Mastekeers enjoy considerable freedom and autonomy while collaborating with the best of talent internally and externally to hone their skills and capabilities. We want work to be fun and light-hearted, to reduce the stress that modern-day jobs often cause in people.

As a result of this culture, several ex-Mastekeers remain emotionally connected to the organization, leading to the common saying: "Once a Mastekeer, always a Mastekeer".

Shareholders: We believe that shareholders are entitled to the highest standards of corporate governance on all fronts, combined with complete transparency and disclosure. We want to provide our shareholders a healthy return on their investment – by delivering profitable growth on a consistent basis.

Awards like the Jamnalal Bajaj award for corporate ethics are one indication of our progress on this front. We have ground to cover in terms of consistent financial performance and are working on our business model to make this happen.

Partners: We aim to treat our suppliers and partners fairly, provide them an opportunity to grow profitably and the inputs and feedback to improve their own product and service offerings. We want to build long-term, sustainable relationships with them. We want to make it easy for partners to work with us. In short, we would like to deal with partners the way we would like our customers to deal with us.

The longevity of most of our vendor partnerships is one indication of progress on this front.

Communities: At Mastek, we believe that financial support to NGOs and other socially relevant organizations is good but inadequate. We would like every Mastekeer to contribute actively to the communities that we touch. The Mastek Foundation is our vehicle to make a sustainable impact to the world around us.

More than 30% of Mastekeers are actively engaged in community activities through Mastek Foundation. We would like this number to grow to 100% over time. We are also looking at Mastek empowering these NGOs by providing them with IT platforms that improve their service delivery and efficiency.

Environment: We are committed to protecting our environment and reducing our own carbon footprint over time – to the end state of being carbon neutral. We would like to avoid waste in every way and make the best use of the limited natural resources that our planet provides.

Mastek has created a Sustainability Forum under the leadership of our Past Chairman and Co-Founder, Ashank Desai. The forum has launched a campaign called Greenovate, engaging every employee in our journey towards sustainability. So far, our efforts have been in terms of energy-efficient buildings, water recycling at our Mahape facility, reduced travel through videoconferencing and so on. We still have a long way to go on this path.

Sustainability is a journey and not a destination. We believe that corporations are better equipped to make the world more inclusive and sustainable than many other human institutions. We would like to take a pioneering role in this regard.

Mastek Zindabad! Long live the earth.

Sudhakar Ram
Chairman and Managing Director
Mastek Ltd

Contribution to environment

Mastek Sustainability Initiatives

Concern about environmental sustainability is growing across the world, and Mastek as a global citizen has taken the responsibility to do the best in its capacity. Mastek has always been a catalyst for transformation in its core business operations.

To further its sustainability efforts, Mastek has constituted the Sustainability Forum, a cross-functional team headed by Ashank Desai, Past Chairman and Co-Founder of Mastek. The first task accomplished was the formulation of the Environmental & Sustainability Policy for Mastek and the initiation of the Carbon Footprint Audits and Carbon Management plan.

Environment Policy

Mastek is committed to reducing the environment impact of its activities. The company recognizes that to engage its employees and clients in the drive to improve its environmental performance, it must put in place measures which demonstrate its commitment.

Mastek has a well-defined environment policy and strategy in place. Some highlights of this policy are:

- There will be a dedicated resource accountable for green initiatives at all times.
- Assessing carbon emissions of the company and conducting third-party audits on a regular basis.
- Ensuring compliance with all relevant environmental legislations.
- Continuous measurement of its impact on the environment and setting targets for ongoing improvement.
- Assessing the feasibility of other measures for reducing carbon emissions from buildings and other sources.
- Looking out for investments in environment-friendly projects.
- Implementing the in-house program "Greenovate" for its staff to raise awareness of environmental issues and enlist their support in improving the company's performance.

MEASURES

The measures laid down in the CMP after our baseline GHG inventory are as follows:

- Phase I Measures - Emission reduction measures which require zero capital investment
- Phase II Measures - Emission reduction measures which require capital investment (lower cost to benefit ratio)
- Phase III Measures - Emission reduction measures which require higher capital investment (comparatively higher cost to benefit ratio as compared to Phase II)

Environment Action Plan

It has been Mastek's long-term objective to minimize the impact of its operations on the environment, thus contributing to one major aspect of sustainability.

Mastek has initiated a structured approach towards this by calculating its carbon emissions baseline. It already has the carbon management plan in place which sets out in detail the strategy for reducing emissions over the next five years. Mastek Ltd will implement carbon management policies and practices which will reduce its greenhouse gas emissions. The aim is also to engage and sensitize its employees in a programme of continuous environmental improvement.

Carbon Footprinting

We have been constantly promoting CO2 emission reduction in all our activities to ensure a sustainable future. A greenhouse gas assessment study carried out in the organization indicated that power consumption and air travel contributed to 95% of carbon dioxide emissions. We have taken a number of measures to address key areas and have significantly met targets, achieving a reduction of 25% over 2008-09 emissions.

Reduction in Power Consumption

Mastek has reduced its overall power consumption by 23% over the last two years. The main focus was on energy-saving activities. This decline in power consumption was due to the installation of sensors and the replacement of an obsolete lighting system with a new energy-efficient one.

Reduction in Air Travel

Air travel is the second largest contributor to our organization's emissions. Video conferencing and tele-conferencing have led to a drastic decline in air travel emissions — by 33% — during 2010-11.

At Mastek, we are committed to contributing and preserving the environment through sustainability initiatives.

The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance by allowing paperless compliance by Companies. Accordingly, Companies can now send various documents electronically to those shareholders who register their email addresses. To receive all communications including Annual Reports by e-mail:

- Holders of shares in physical form are requested to fill up the e-mail registration form setout below and send it to the Registrar and Share Transfer Agents- Sharepro Services (India) Pvt. Ltd.
- Members holding shares in Demat form may register their e-mail IDs with the Company or their Depository Participant.

E-MAIL REGISTRATION

To
Sharepro Services (India) Pvt. Ltd.
Unit:- Mastek Limited
106/107, SDF- IV, Seepz,
Andheri (East), Mumbai 400 096

Dear Sir/s, Madam/s

Re: **Registration of e-mail ID for receiving communications in electronic form**

I am a shareholder of the Company. I want to receive all communication from the Company including AGM and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Directors' Report and Auditor's Reports etc. through e-mail. Please register my e-mail ID, set out below, in your records for sending communication through e-mail:

Folio No* : ....

Name of 1st Register Holder* : ....

Name of Joint Holder(s) : ....

....

Address : ....

....

Pin code : ....

E-mail ID (to be registered) : ....

Contact Tel. Nos. : Mobile ....

Landline ....

Signature of first Holder*.. Date ....

Signature of Second Holder*.. Date ....

Important Notes:

1) Fields marked * are mandatory for registration of the e-mail ID
2) On registration, all the communications will be sent to the e-mail ID registration in the folio
3) Any change in e-mail ID, from time to time, may please be registered in the record of the Company

Demat of Shares:- Procedure to dematerialize(demat) shares is included in the Annual Report page no. 60

MASTEK LIMITED

Regd. Office: 804/405 President House, Opp. C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad-380 006.

REG.FOLIO NO.
DP ID – Client ID No.

PROXY FORM

NO. OF SHARES

I/We .... of ....

....being member/members of Mastek Limited hereby appoint .... of .... or failing him .... of .... or failing him .... of .... as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 5, 2012 or at any adjournment(s) thereof.

Signed this .... day of 2012

Signature________________________________

Affix One ₹ Revenue Stamp

Note : The Proxy form must be deposited at the Registered Office of the Company not less 48 hours before the time of holding the Meeting.

ATTENDANCE SLIP
ANNUAL GENERAL MEETING

Name of the attending Member/Proxy (in block letters) ....

Member's Folio No. / DP ID –Client ID No.: ....

No. of Shares held : ....

I hereby record my presence at the Annual General Meeting held on October 5, 2012.

____

Member's / Proxy's Signature

1. PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN.
2. Share holders who come to attend the meeting are requested to bring their copies of the Annual Report with them.

INDIA

MUMBAI
MASTEK LIMITED
#106, SDF IV,
Seepz, Andheri (East),
Mumbai - 400 096.
Tel : +91 22 6695 2222/2824 7999
Fax : +91 22 6695 1331

MASTEK LIMITED
IT 7/8, SDF VII,
Seepz, Andheri (East),
Mumbai - 400 096.
Tel : +91 22 6695 2222/2824 7999
Fax : +91 22 6695 2222/2824 7999
Fax : +91 22 6695 1334

MASTEK LIMITED
IT 5/6, SDF VII,
Seepz, Andheri (E),
Mumbai - 400 096
Tel : +91 22 6695 2222/2824 7999
Fax : +91 22 6695 1333

MASTEK LIMITED
183, SDF VI, Seepz,
Andheri (East),
Mumbai - 400 096.
Tel : +91 22 6695 2222/2824 7999
Fax : +91 22 6695 1332

MASTEK LIMITED
Mastek Millennium Centre
Millenium Business Park, Mahape, TTC,
Off Thane Belapur Road
Navi Mumbai – 400 710.,
Tel : +91 22 2778 1272/6791 4646
Fax : +91 22 2778 1332

MASTEK LIMITED
Mastek New Development Centre
MBP-P–136,136A
Mahape, Navi Mumbai – 400 710.
Tel : +91 22 6791 4545/4646
Fax : +91 22 2778 1332

MASTEK LIMITED
A/303 Sector 1
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Navi Mumbai - 400 710
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Fax : +91 22 2778 1332

PUNE
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Fax : +91 20 6607 2003

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CHENNAI
MASTEK LIMITED
Mahindra World City, Plot No. TP – 5
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Chengalpet,
Tamil Nadu – 603 002.
Tel : +91 44 6747 4724

DELHI
MASTEK LIMITED
315, World Trade Centre
Barakhamba Avenue,
Connaught Place
New Delhi - 110 001
Tel : +91 11 4368 0404/0303
Fax : +91 22 4368 0303

INTERNATIONAL

USA
MAJESCO MASTEK
105 Fieldcrest Avenue,
Suite # 208, Edison,
New Jersey - 08837, USA.
Tel : +1 732 590 6400
Fax : +1 732 225 5210

SYSTEMS TASK GROUP
INTERNATIONAL LTD.
5 Penn Plaza,
33rd Street & 8th Avenue,
14th Floor, New York,
NY 10001, USA
Tel : +1 646 731 1000
Fax : +1 646 674 1392

VECTOR INSURANCE SERVICES LLC
41, East Washington Street,
Suite 320, Indianapolis, IN 46204, USA
Tel : +1 317 613 2400
Fax : +1 317 613 2402

CANADA
MAJESCOMASTEK CANADA LTD.
40 Eglinton Avenue East,
Suite 203, Toronto, ON, M4P 3A2
Tel : 647 351 3926
Fax : 647 351 3385

GERMANY
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Langstrasse 14
78050, Villingen-Schwenningen, Germany
Email id: mgmbh@mastek.com

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Reading, RG1 8BW, UK
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Fax : +44 (0) 118 903 5779

MASTEK UK LIMITED
4th Floor, 36 Park Row,
Leeds LS1 5JL, UK
Tel : +44 (0) 113 242 6015
Fax : +44 (0) 113 242 4882

SINGAPORE
MASTEK ASIA PACIFIC PTE LTD.
No. 3 Shenton Way
#15-02 Shenton House
Singapore - 068 805
Tel : (65) 6226 0711
Fax : (65) 6225 1736

MALAYSIA
MASTEK MSC SDN BHD,
L3-I-7, Enterprise 4,
Technology Park Malaysia (TPM)
Lebuhraya Puchong - Sg. Besi
Bukit Jalil, 57000 Kuala Lumpur, Malaysia
Tel : +603 8992 6600
Fax : +603 8992 6601

THAILAND
MASTEK MSC (THAILAND) CO. LTD.
Suite 4139 Level 41, 323 Silom Road,
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Fax : +662 631 0334

United Kingdom
United States of America
Canada
India
Malaysia
Singapore
Thailand

Mastek Limited – Corporate Office
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Mumbai 400 096,
India.