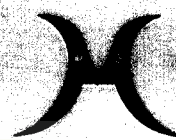


Building Win-Win Partnerships

Report



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MASCOT SYSTEMS
Powered by knowledge

Annual Report 2002-03

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Sunil Wadhvani
Chairman

Dear Shareholders, Customers, Partners & Employees:

2003 was a year of both opportunity and challenge for Mascot in particular and the Indian software industry in general. It was a year of change, of significant consolidation and expansion and continued focus on investing in solutions that position Mascot for the future.

Some of the year's most significant developments – our acquisitions of eJiva and AquaRegia and iGATE Corporation's strategy to expand its offshore presence – will provide significant value to Mascot in the immediate future. With the addition of our China and German subsidiaries, we are well poised to leverage our capabilities on a global basis. We are committed to building a leadership position in these countries, as well as North America, Japan, Australia and other locations.

On the customer front, Mascot is much stronger today than before – increased size, enhanced service offerings, stronger management talent and a growing and talented workforce supporting over 100 customers worldwide. We are committed to adding real customer value – understanding their business and providing true business value in addition to reducing their costs.

This is not the time to rest, but rather the time to listen (to our customers and employees), focus (on our strategic objectives) and execute (by delivering quality solutions).

On a personal level, I feel incredibly privileged to play a role in bringing to life the vision and purpose of Mascot – a vision and purpose that empowers people and businesses to achieve their full potential.

Thank you for your support.

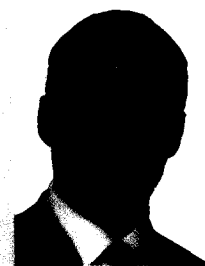
Sunil Wadhvani

Letter to the Investors

Dear Shareowner,

We are pleased to have this opportunity to discuss Mascot's performance during fiscal 2003. Our focus on building long-term relationships with our employees and customers has not changed and we are confident that this emphasis will build long term value for our shareholders.

We have always believed that long-term corporate performance is often determined by the actions taken in response to cyclical challenges and downturns. Early in this economic cycle we established clear objectives that guided us throughout the year and will continue to enable Mascot to deliver robust, profitable and sustainable results. Some of these challenges have signaled a gradual but definite shift in long established market trends and practices.

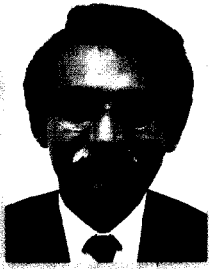


Gerhard Watzinger

1. Size has emerged as a crucial factor for participating in and winning large contracts. There is unprecedented competition for offshore contracts, but the competition is largely limited to the bigger, volume players in the market. This shift allowed Mascot to capitalize on opportunities in emerging markets and set the stage for its most significant development in 2003 – the acquisitions of eJiva and AquaRegia. With the acquisition of eJiva, Mascot expanded its customer base to 108 across the globe. We now have a strong foothold in North America and the opportunity to offer a diverse portfolio of software services to clients in this region and around the world. We will continue to focus on building critical mass and size to ensure that Mascot remains a key player in the offshore services marketplace.
2. Market positioning and leadership is critical for the future success of offshore companies. Over the past few years we have seen a dramatic increase in both the acceptance and penetration of offshore service providers all over the world. This phenomenon has led to the “commoditization” of our services. It is therefore critical for companies to provide differentiated offerings with a high value-add. Mascot's core competency in Enterprise Applications (ERP/CRM/CTI/eBusiness) and our Enterprise Data Asset practice is helping us transform from a generalist, matter-of-course player to a specialist “Enterprise Value Creation” player. Our focus is simple – “Improve Enterprise Effectiveness” – not just enterprise efficiency and cost reduction. Establishing market leadership and moving up the customer value chain are important ingredients to combat rate erosion and pressures. Mascot is well positioned to address this challenge.
3. The need for a truly global delivery model is more critical than ever in today's uncertain political environment. It has become important for companies to hedge delivery risks across a number of countries and markets. The opening of Mascot's subsidiary in China holds the dual benefit of serving as an important near-shore destination while allowing us to access the immense business potential of the region. It also positions us appropriately to leverage our capabilities to establish and consolidate our presence in the Far Eastern markets. Mascot's expansion into Canada is another step towards mitigating geo-political risks. Again, we are well positioned to become a truly global delivery player with an emphasis on ensuring business continuity for our customers.

CEO

Speak



Viv Penninti

CEO Speak

While 2002/2003 was a difficult year for the IT industry in general, we have made substantial progress on many key fronts. We are proud that Mascot is among very few IT services companies that has remained consistently profitable throughout the most severe contraction in the history of our industry while continuing to fund new initiatives that will ensure our growth in the future.

1. On the international front, in Germany, Mascot has established itself as a premier software services player. We are excited by the prospects this region holds and expect Germany to emerge as a key market for us in the months ahead. Our unique positioning in Japan and more recently established presence in Australia are expected to expand our customer and revenue base significantly. Our recently announced strategic alliance with Nihon Unisys in Japan provides us with a valuable opportunity to explore business prospects with Unisys' customer portfolio and strengthens our access to surrounding markets.
2. Further, two significant milestones were achieved during the year – the BS7799 security accreditation and the successful SEI CMM Level 5 assessment stand testimony to the robust and world-class processes covering the Company's business, people and infrastructure.
3. Over the past year we have undertaken several social initiatives. Our collaboration with MediCiti Hospitals in Hyderabad will provide for the health and well being of thousands of children from the rural population outlying the city. Our support of orphanages in Bangalore and Chennai will ensure a brighter, more stable future for hundreds of newborns and young children. This commitment is an essential part of the way we do business.

The true test of a Company's mettle lies in its potential – not of what is – but of what can be – which brings us to our final comments that address our perspective on the future of our industry and what the implications may mean for Mascot.

We believe the future for the Indian software services industry is positive, but not without challenges. The volatility of business cycles and the quickening pace of change that is transforming the industry landscape has significantly increased the risks and opportunities for industry providers. But through the peaks and valleys, one thing stands clear: our Company is delivering against a well-defined strategy with a more balanced portfolio, and a renewed commitment to deliver.

In conclusion, we will continue to focus on performance, profitability, and delivering sustainable financial results. We will develop management talent and put the best people in positions to leverage their capability. The end goal is clear, we will be customer focused, we will create a world-class employee base, we will continue to create intellectual property through innovation and we will build shareholder value.

Gerhard Watzinger

Viv Penninti

Mascot Systems Ltd., the flagship company of the US based iGATE Corporation (NASDAQ: IGTE), is a leading global IT services Company. Mascot's suite of IT services and solutions provide strategy, implementation and operational solutions in the areas of Data Management, Business Intelligence, Embedded Systems, ERP and Enterprise Application Integration.

Headquartered in Bangalore, India, Mascot employs over 2,000 people in 11 offices, 4 Offshore and 2 Offsite Development Centers across 11 countries and services over 100 clients globally. With employees from different cultures and countries, Mascot distinctly demonstrates a global yet local approach to work with its customers in different countries.



Anywhere you find Mascot, you will find the Mascot Culture. Mascotians throughout the world share this common culture, comprised of five universal values: **Synergy, Collaboration, Trust, Flexibility and Passion**. Our culture is the tangible force that transcends geography and language, and permeates everything we do as a Company.

These values inspire the way we serve our customers, who rely on Mascot professionals as a true partner in their business success. We provide them the absolute best technologies and services, responding quickly to their needs, anticipating future needs and earning their confidence every day.

We believe in creating Partnerships for Success and Success for Partnerships.

Synergy [From Greek *sunergi* meaning 'cooperation']

Synergy is the key to build customer relations today while deriving value for tomorrow. It is the warp, weft & weave of the fabric of all great corporations. Success belongs to the innovators who understand the requirements of their partners and exploit their synergy for mutual advancement.

Delivering on the advantages of its technical and functional expertise is a constant endeavor at Mascot. The combined strengths of Mascot and its subsidiaries eJiva and AquaRegia, acquired in December last year are part of a greater strategy to deliver the benefit of our collective technologies, services and skills.

harmony
in
action



5

Operating in over 100 countries, our customer is a Fortune 10 Company, with interests in diversified technology, manufacturing and services. Our relationship was initiated with a small project in 1996, won on the basis of a price advantage. Over the years, our synergistic association has seen this account grow to over 700 consultants across four continents. Mascot provides end-to-end solutions in all engagements - defining the scope of the project, project planning & tracking, project management, functional design, gap analysis, technical design and technical development.

"The Mascot team has done a great job coming up to speed on our architecture and the technologies relating to our application. It is refreshing to deal with an agency that is sincerely interested in solving our problems, not just their own. It has been a pleasure working with the Mascot team and we look forward to working with you in future endeavors."

– Director, Software Development, A global financial services conglomerate

Collaboration [From Latin *collab^{er}re* meaning 'labor']

While technology has transformed the traditional business paradigm, it has also raised the bar on human interaction, on the power of combined effort like never before. Indeed, seamless and flexible collaborative business delivers more than just a competitive advantage. It is the new imperative of success.

At Mascot, a combination of the human touch and smart technology define the processes for successful collaboration. It is the lingua franca that helps us penetrate company boundaries to work with our customers, delivering quality work and the advantages of true inter-enterprise collaboration.

6

synchronized
winning
strokes

Our customer is one of the world's largest manufacturers and suppliers of computers and electronic equipment. An enduring working association has solidified into a long term outsourcing agreement covering a wide range of offerings that include custom development, application maintenance outsourcing, application reengineering, business intelligence, e-business, to name a few. Our state-of-the-art proximity center supporting its operations in the Asia Pacific is testimony to the strength of our collaboration.

"It isn't difficult for me to say something good about Mascot. After the short break-in period, their work was a big help for us. Results were generated fast and were of very good quality, because of which we could achieve essential project results on schedule. To put it shortly: fast, diligent, top-quality! Our experience with Mascot is the reason we would like to further our cooperation with them"

Mr. Heiner Schmeck, Director Automotive, Dornier Consulting GmbH

Trust [From Middle English *truste* meaning 'confidence']

Configuring trust between companies is an established prerequisite to successful and enduring partnerships. Trust has been proven to be critical to the accomplishment of strategic goals and is indispensable in an organization's vision, processes and practices. Creating and sustaining trust is difficult, yet the myriad, if subtle benefits it confers cannot be overstated.

At Mascot, trust is more than mere platitudes on a wall. It is an important organizational measurement. It is evident in the systems and standards that define work processes, it is there in the framework of best practices across functions, it is there in the people who constitute the organization. And yet, these are more than mere calculative processes that form a part of the fundamental arithmetic of trust. They are the building blocks of the organization.

partnerships
built on
trust

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One of the largest retailers and distributors of consumer electronics, personal computers and entertainment software in the US, this customer's IT infrastructure is its backbone, ensuring a seamless functioning of its various business units. The company faced a significant IT issue as its critical resources were continually engaged in the maintenance activity of legacy systems. Mascot provided the solution by working as a virtual extension of this enterprise, mindful of the business objectives and strategies for executing a number of critical projects. As a result, our customer has seen a more than 55% drop in its maintenance costs.

"By using iGATE's onsite-offshore methodology for the development of forms, reports and interfaces, we were able to complete the required development under budget. The offshore facilities allowed us to better manage the workload during peak development times"

– Global Director (SAP), A global electronic manufacturing service provider

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Flexibility [From Latin *flexibilis*, meaning 'to bend']

Business agility. In today's dynamic business environment, providing a measurable return on investment to customers frequently means possessing and deploying a nimbleness in striking the proper balance between a client's requirements and a pragmatic application of IT. Such adaptive infrastructure, realized through a dynamic, solution-focused approach, helps organizations increase the reach and value of their IT investment.

At Mascot, the focus remains on delivering innovative solutions that transform technology into a business enabler, allowing customers to meet their business requirements satisfactorily. Mascot's adaptive infrastructure approach blends solutions and services to deliver innovative solutions that can readily respond to the dynamic business requirements of the moment. It enables business agility by synchronizing business processes and changes with IT resources.



adapting
to
deliver

This global financial services conglomerate required a partner to help streamline its IT processes, improve response time to service levels and gain access to additional IT talent while optimizing internal IT staffing resources. They selected Mascot because of our ability to tailor each engagement to their specific needs and provide strategic counsel on prioritizing and managing IT objectives and multiple projects. Our flexibility coupled with superior technological and quality solutions eased their initial concerns about outsourced IT services and has resulted in a long-term partnership.

"Although you are not physically visible to us here in Minneapolis, I want...to let you know that you are visible to us by the way you effectively produced the freight unroll procedures. The tests that we conducted here went extremely smooth...all is working well."

– Sr. Project Manager, Fortune 10 company

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