



ANNUAL REPORT 2012-2013



WE HOPE YOU HAD A GOOD YEAR, TOO...

The IT industry in India offers enormous opportunities for individual firms to specialize and focus. This has been a great playing field for Mastek. For over 3 decades now, we have remained steadfast to our vision of building a valuable, evergreen company.

And this year, the financial results have put a smile on our faces – it has been a turnaround year.

But more importantly, the results provide ample evidence that our focus, our 'future-proof' design and our commitment are indeed helping take clients, stakeholders, employees and millions of end users to new heights of success.

In the next few sections, we'd like to share with you not just the good news on the financials, but the inside story of 'how we did it', too.



A BIRD'S EYE VIEW OF THE IT INDUSTRY

The IT industry is easily the most dynamic industry the world has ever known. Over the past 70 years, it has influenced the world through more innovations and paradigm shifts (not only in scientific, but cultural practices and stances, too) than the previous 1000 years put together.

Today, the major players in the IT industry have made conscious choices in the way they want to do business, grow, and 'help change the world'. They decide the segments that they want to address and the difference that they want to add.

Broadly speaking, the entire IT solutions landscape can be mapped into a 2x2 grid as shown alongside. Firms could differentiate on the basis of the assets that they build – broadly categorizing them into service and product offerings. They could also differentiate themselves on the basis of their industry / business focus – ranging from general purpose services to industry specific solutions. These lead to 4 broad types of offerings – IT Services, Solutions, Horizontal Products and Vertical

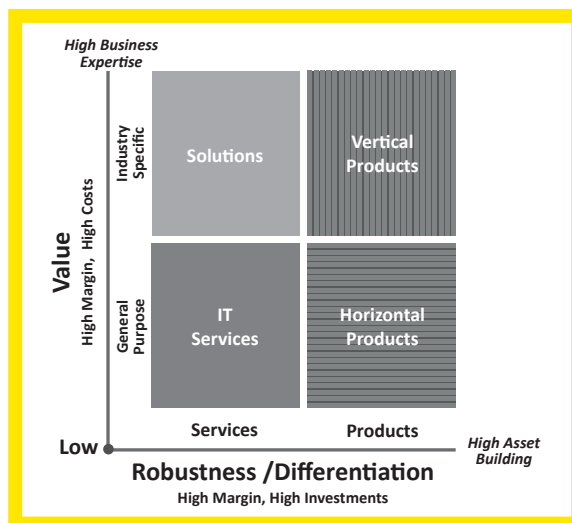
Products. (It is clear that both these dimensions are a continuum rather than two discrete polarities – viewing them as a 2x2 matrix is a simplification.)

Product firms offer a distinct benefit to customers – of robust, proven solutions that are quick to implement – with out-of-box access to best practices. They help the firm differentiate itself strongly, with higher gross margins. However, this differentiation calls for major investments in R&D and Product development.

However, industry solutions firms have a high fixed cost due to lower utilization, higher spends on training. They also have a higher variable cost – with more senior, experienced resources required to deliver the service.

Most Indian companies tend to operate in Quadrant 1 – in IT Services. They enjoy lower fixed and variable costs, lower investment, are easier to scale and can operate with a high contingent of lower skilled resources.

Mastek, however, has followed a different path. Being committed to building a valuable company, we have always chosen to be in the high value end of the business – now with industry specific solution offerings. With our strong expertise in Insurance and Government verticals, and growing presence in Financial Services and Retail, Mastek aspires to be a leading solutions provider in these verticals. Similarly, our commitment to being an evergreen company has put us on the path of products: we've been building a strong foundation of assets, especially in the insurance vertical, which can reinforce our presence and differentiation over several decades. More than 70% of Mastek's business, therefore, comes from Industry Solutions and Vertical Products.



Similarly, 'Solutions' firms offer higher value and higher impact, based on their business solutions and industry solutions. Delivering higher value allows firms to charge a higher price and hence get a better margin.



IDEALS—THE KEYSTONE THAT HOLDS THE STRUCTURE IN PLACE.

YOU WILL AGREE THAT
HIGH ACHIEVEMENT IN
ANY SPHERE OF HUMAN
ACTIVITY HAS LITTLE VALUE
IF THE ACHIEVEMENT
ISN'T FOUNDED ON THE
HIGHEST IDEALS.

THROUGHOUT OUR
JOURNEY OF OVER THIRTY
YEARS, EVERY STEP OF
OUR PROGRESS AND
GROWTH HAS BEEN
GUIDED BY THE MASTEK
IDEALS, LAID DOWN BY
THE FOUNDERS.

BUILD AN 'EVERGREEN INSTITUTION'

Mastek is not just a company, but an institution with a 'soul', seeking to make a valuable difference to its world. Mastek believes that sustained contribution and a spotless reputation over the long run are more important than short-term growth and profits.

WIN-WIN FOR ALL

Mastek is committed to the success of every stakeholder, not just the shareholder. Mastek aims to ensure that every stakeholder benefits, without having to trade off anyone's interest against another's. Going beyond the contractual commitments, Mastek seeks to win the hearts and minds of the people it touches.

100% RESPONSIBILITY FOR OUTCOMES

Mastek takes 100% responsibility for providing insightful and enduring solutions to its clients – modern platforms that enhance their agility and responsiveness. Mastek's ability to quickly assimilate new technologies as well to 'listen' deeply to client and industry-specific business and IT challenges underpin its solutions.

SUSTAIN A COLLABORATIVE CULTURE

Mastek embraces collaboration as the method to solve complex problems. Openness, mutual respect and teamwork — within the company as well as with clients / partners — are the three pillars of this collaborative approach. Collaboration is enhanced with Mastek's simple, sincere and straightforward approach to work and relationships.

THE PROOF OF THE PUDDING...

FORTUNE 500 COMPANIES ARE OUR CLIENTS; OUR RANGE OF ENTERPRISE SOLUTIONS IN THE INSURANCE AND GOVERNMENT VERTICALS ARE TOUCHING THE LIVES OF MILLIONS OF USERS. AND SOME OF OUR SOLUTIONS IN OTHER INDUSTRIES ARE VERILY FIRST-OF-ITS-KIND.

TRANSFORMATION PROGRAMS – INSURANCE

- Transforming 8 legacy systems into a single, modern, policy administration system for Individual and Group life – handling hundreds of products
- An automated claims processing system that consolidated around 12 claims systems into 1, and reduced claims processing time by 70%
- A complete end-to-end system for Group Protection business for employees of the UK Employers consisting of various Employee Benefits products covering more than 2 million employees
- For a large fraternal Life Carrier – a transformation program to reduce policy acquisition costs by 30% via straight-through processing
- Build of Commercial Insurance Policy Admin Legacy Modernization initiative spanning Auto, Property, GL, Crime & Inland Marine LOB's for all US States with more than \$1 Billion in Premium

TRANSFORMATION PROGRAMS – GOVERNMENT AND FINANCIAL SERVICES

- 9 systems which form the backbone of ePrescriptions, health services, physician performance and health records to the citizens of UK
- Reduced traffic congestion and pollution in London by 20% with camera-capture and payment reconciliation every day
- Managing Critical Business Applications for the leading micro-finance institution, with operations across 6 countries.

OUR INSURANCE PRODUCTS REACH

\$20 billion worth of direct written premium

12 million individual life policies

10 million owners of vehicles, properties and pets

3.5 million employees get group protection

1 million agents

100,000 automobiles dealerships

700 employers & 140,000 employees/workers compensation

100 insurance carriers globally



