CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009

	Schedule	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
I. Sources of funds			
1. Shareholders' Funds			
(a) Capital	1	**1,344.97**	1,352.85
(b) Reserves and surplus	2	**49,504.29**	38,107.16
		50,849.26	39,460.01
2. Loan funds			
Secured loans	3	**7,038.38**	8,782.09
		57,887.64	48,242.10
II. Application of funds			
1. Fixed assets	4		
(a) Gross block		**43,708.54**	38,498.12
(b) Less : Depreciation		**18,747.42**	16,000.08
(c) Net block		**24,961.12**	22,498.04
Capital work in progress (including capital advances)		**3,692.36**	2,190.91
		28,653.48	24,688.95
2. Investments	5	**10,136.63**	7,972.21
3. Deferred Taxation (Refer note 10 of Schedule 15)		**2,256.59**	1,046.31
4. Current assets, loans and advances			
(a) Sundry debtors	6	**20,265.07**	31,205.12
(b) Cash and bank balances	7	**13,859.22**	5,201.18
(c) Loans and advances	8	**5,339.36**	5,451.36
		39,463.65	41,857.66
Less : Current liabilities and provisions			
(a) Liabilities	9	**13,727.38**	20,490.04
(b) Provisions	10	**8,895.33**	6,832.99
		22,622.71	27,323.03
Net current assets		**16,840.94**	14,534.63
		57,887.64	48,242.10
Notes to the accounts	15		

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date

Vasant Gujarathi
Partner
Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated: July 22, 2009.

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O.Banerjee
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

(Rs. in Lakhs)

	Schedule	Year ended June 30, 2009	Year ended June 30, 2008
Income			
Information Technology Services and Products		**94,260.45**	89,397.53
Other income	11	**2,236.50**	2,221.31
		96,496.95	91,618.84
Expenditure			
Operational expenses	12	**68,724.35**	64,466.46
Other expenses	13	**9,619.77**	8,947.76
Depreciation		**2,953.89**	3,252.34
Financial costs	14	**478.46**	360.28
		81,776.47	77,026.84
Profit before taxation		**14,720.48**	14,592.00
Provision for taxation (Refer note 10 of Schedule 15)			
For the year			
— Current tax		**3,092.95**	2,930.52
Less: MAT credit receivable		**(947.08)**	(1,114.74)
		2,145.87	1,815.78
— Deferred tax		**(1,143.73)**	(149.35)
— Fringe benefits tax		**96.60**	35.60
		1,098.74	1,702.03
Income tax for earlier years		**(494.35)**	302.30
Profit after taxation before Minority Interest		**14,116.09**	12,587.67
Minority interest		**—**	—
Profit for the year		**14,116.09**	12,587.67
Add: Profit brought forward from previous year		**28,904.73**	22,023.55
Profit available for appropriation		**43,020.82**	34,611.22
Appropriations			
Interim dividend		**661.88**	998.59
Final dividend		**2,017.46**	1,758.71
Corporate dividend tax		**455.47**	468.48
Transferred to general reserve		**2,391.15**	2,480.71
Balance carried to Balance Sheet		**37,494.86**	28,904.73
		43,020.82	34,611.22
Earnings per share (net of taxes) in Rs.			
— Basic		**52.45**	44.23
— Diluted		**52.44**	44.03
(Refer note 13 of Schedule 15) (Nominal value per share Rs. 5/- each)			
Notes to the accounts	15		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date

Vasant Gujarathi
Partner
Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated: July 22, 2009.

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O.Banerjee
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009

(Rs. in Lakhs)

	As at June 30, 2009	As at June 30, 2008
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 5/- each	**2,000.00**	2,000.00
2,000,000 preference shares of Rs. 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, Subscribed and Paid up :		
Equity Shares		
27,643,875 shares of Rs. 5/- each, fully paid up (Previous year 28,540,296 shares of Rs. 5/- each, fully paid up) (Refer note 8 of Schedule 15)	**1,382.19**	1,427.01
Less: 744,381 (Previous year 915,714) shares of Rs. 5/- each extinguished of which 176,863 (Previous year 1,483,232) shares have been bought back during the year in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 15)	**37.22**	45.78
26,899,494 (Previous year 27,624,582) shares of Rs. 5/- each, fully paid up	**1,344.97**	1,381.23
Less: Shares Suspense Account Nil (Previous year 567,518) shares of Rs. 5/- each, fully paid up	**—**	28.38
	1,344.97	1,352.85

Of the above:

— 14,054,594 and 6,913,280 equity shares of Rs. 5/- each fully paid, have been issued as bonus shares by utilisation of Capital Redemption Reserve and Share Premium Account respectively.

— 660,000 equity shares of Rs. 5/- each fully paid have been issued as bonus shares by capitalisation of profits transferred from General Reserve.

	As at June 30, 2009	As at June 30, 2008
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	**21.44**	21.44
	21.44	21.44
Capital Redemption Reserve Account		
As per last Balance Sheet	**1,286.42**	1,212.26
Add : Transferred from General Reserve	**8.85**	74.16
	1,295.27	1,286.42
Share Premium Account		
As per last Balance Sheet	**—**	1,031.03
Add : Addition on account of ESOP	**36.63**	125.61
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 15)	**—**	1,156.64
	36.63	—
General Reserve		
As per last Balance Sheet	**6,983.46**	9,183.83
Add : Transferred from Profit and Loss Account	**2,391.15**	2,480.71
Less: Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act, 1956 on buy back of equity shares during the year (Refer note 3 of Schedule 15)	**8.85**	74.16
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 15)	**653.43**	4,606.92
	8,712.33	6,983.46
Foreign Currency Translation Account		
As per last Balance Sheet	**911.11**	269.69
Add : Exchange gain/(loss) on translation	**1,032.65**	641.42
	1,943.76	911.11
Profit and Loss Account	**37,494.86**	28,904.73
	49,504.29	38,107.16

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009 *(Contd.)*

	As at June 30, 2009	As at June 30, 2008
		(Rs. in Lakhs)
SCHEDULE 3		
SECURED LOANS		
Term Loan from Bank (Refer note 5(ii) of Schedule 15) (Secured against pledge of shares of System Task Group International Ltd)	**6,946.23**	8,607.00
Loan from financial institution - hypothecated against assets [Due within one year Rs. 71.85 Lakhs (Previous year - Rs. 92.15 Lakhs)]	**92.15**	175.09
	7,038.38	8,782.09

SCHEDULE 4
FIXED ASSETS

(Rs. in Lakhs)

Description	Gross Block (at cost)					Depreciation					Net Block	
	As at July 01, 2008	Additions	Deletions/ Adjust-ments	Translation Exchange Difference	**As at June 30, 2009**	As at July 01, 2008	for the year	Deletions/ Adjust-ments	Translation Exchange Difference	**As at June 30, 2009**	**As at June 30, 2009**	As at June 30, 2008
Goodwill	13,540.26	624.58	-	2,481.03	**16,645.87**	235.82	-	11.63	**247.45**	16,398.42	13,304.44	
Leasehold Land and Premises	2,637.95	-	-	-	**2,637.95**	517.03	82.01	-	-	**599.04**	2,038.91	2,120.92
Owned Premises	2,616.28	66.78	-	-	**2,683.06**	255.30	116.01	-	-	**371.31**	2,311.75	2,360.98
Plant and Machinery	8,405.23	966.98	371.96	157.63	**9,157.88**	5,822.94	1,257.48	358.02	144.15	**6,866.55**	2,291.33	2,582.29
Software Designs	6,183.51	738.81	121.27	193.80	**6,994.85**	5,593.88	907.43	121.16	171.55	**6,551.70**	443.15	589.63
Furniture and Fittings	4,285.88	424.10	45.49	44.03	**4,708.52**	3,003.07	490.15	51.29	37.74	**3,479.67**	1,228.85	1,282.81
Leasehold Improvements	477.13	-	13.30	9.83	**473.66**	408.84	26.78	13.30	5.17	**427.49**	46.17	68.29
Vehicles	351.88	104.71	49.84	-	**406.75**	163.20	74.03	33.02	-	**204.21**	202.54	188.68
Total	38,498.12	2,925.96	601.86	2,886.32	**43,708.54**	16,000.08	2,953.89	576.79	370.24	**18,747.42**	**24,961.12**	22,498.04
Previous Year	20,766.98	18,393.10	661.96	-	**38,498.12**	13,247.33	3,252.34	499.59		**16,000.08**	**22,498.04**	

1. Owned premises include subscription towards share capital of Co-operative societies amounting to Rs. 250 (Previous year Rs. 250).
2. Net block of vehicles include leased assets amounting to Rs. 17.74 Lakhs (Previous year Rs. 27.50 Lakhs)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009 *(Contd.)*

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 5		
INVESTMENTS		
I. Investment in units of mutual funds (Current, non trade, unquoted)		
5,469,603 (Previous year - Nil) units of Birla Sun Life Savings Fund - Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 717.39 Lakhs (7,169,053 units) and sold during the year Rs. 170.06 Lakhs (1,699,450 units).	**547.33**	—
8,547,783 (Previous year - Nil) units of IDFC Money Manager Treasury Plan C - Daily Dividend Reinvestment. Purchased during the year Rs. 854.91 Lakhs (8,547,783 units).	**854.91**	—
13,388,495 (Previous year - Nil) units of JPMorgan India Treasury Fund - Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 3717.18 Lakhs (37,138,773 units) and sold during the year Rs. 2377.14 Lakhs (23,750,278 units).	**1,340.04**	—
16,683,820 (Previous year - Nil) units of ICICI Prudential - Flexible Income Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 3,788.36 Lakhs (35,828,828 units) and sold during the year Rs. 2,024.3 Lakhs (19,145,008 units).	**1,764.06**	—
15,379,777 (Previous year - Nil) units of LIC MF Savings Plus Fund - Daily Dividend Reinvestment. Purchased during the year Rs. 1,537.98 Lakhs (15,379,777 units).	**1,537.98**	—
14,196,323 (Previous year - Nil) units of Kotak Floater Long Term - Daily Dividend Reinvestment. Purchased during the year Rs. 1,853.96 Lakhs (18,392,835 units) and sold during the year Rs. 423 Lakhs (4,196,512 units).	**1,430.96**	—
2,383,886 (Previous Year - Nil) units of Birla Sun Life Savings Fund Institutional Plan. Purchased during the year Rs.271.67 Lakhs (2,714,861 units) and Sold during the year 33.12 Lakhs (330,975 units).	**238.55**	—
1,754,831 (Previous Year - Nil) units of ICICI Prudential Flexible Income Plan. Purchased during the year Rs.726.21 Lakhs (6,868,163 units) and Sold during the year 540.66 Lakhs (5,113,332 units).	**185.55**	—
4,383,619 (Previous Year - Nil) units of JM Money Manager Fund-Super Plus Plan. Purchased during the year Rs.837.00 Lakhs (8,366,108 units) and Sold during the year 398.46 Lakhs (3,982,489 units).	**438.59**	—
3,989,644 (Previous Year - Nil) units of JPMorgan India Treasury Fund-Super Institutional Plan. Purchased during the year Rs.569.05 Lakhs (5,685,435 units) and Sold during the year 169.73 Lakhs (1,695,791 units).	**399.32**	—
Nil (Previous year - 16,644,206) units of Principal Cash Management Fund - Liquid option Instl. Prem.Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 851.76 Lakhs (8,516,996 units) and sold during the year Rs. 2,516.30 Lakhs (25,161,202 units).	**—**	1,664.54
13,620,241 (Previous year - 1,826,023) units of JM Money Manager Fund Super Plus Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 2,993.01 Lakhs (29,915,070 units) and sold during the year Rs. 1,812.94 Lakhs (18,120,851 units).	**1,362.75**	182.68
Nil (Previous year - 5,000,000) units of LICMF Interval Fund - Series 1 - Annual Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	**—**	500.00

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 5		
INVESTMENTS *(Contd.)*		
Nil (Previous year - 20,987,236) units of Templeton India Ultra Short Bond Fund Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 2,394.19 Lakhs (23,896,937 units) and sold during the year Rs. 4,496.86 Lakhs (44,884,172 units).	—	2,102.67
Nil (Previous year - 5,000,000) units of ICICI Prudential FMP - Series 42 - 16 Months - Institutional Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous year - 7,000,000) units of LICMF Fixed Maturity Plan - Series 35 - 15 Months - Growth Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 700 Lakhs (7,000,000 units).	—	700.00
Nil (Previous year - 8,000,000) units of Birla Sun Life Fixed Term Plan - Inst. - Series AJ - Growth . Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 800 Lakhs (8,000,000 units).	—	800.00
Nil (Previous year - 5,000,000) units of Kotak FMP 12M Series 3 Institutional - Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous year - 5,000,000) units of HSBC Fixed Term Series 52-12 Mths Inst. - Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous Year-3,576,429) units of HDFC Cash Management-Savings Plus Plan. Purchased during the year Rs.1280.97 Lakhs (12,769,492.80 units) and Sold during the year Rs. 1639.74 Lakhs (16,345,922 units).	—	358.77
712 (Previous year -688) units of Dresdner Bank Money Market Fund-Geldmarktfds	**24.60**	24.23
18 (Previous year -203) units of Allianz Princo Liquiditatsmanager Anteile A Fonds	**11.99**	139.32
	10,136.63	7,972.21

	As at June 30, 2009	As at June 30, 2008
SCHEDULE 6		
SUNDRY DEBTORS - (UNSECURED)		
a. Debts outstanding for a period exceeding six months		
- Considered good	**44.08**	123.68
- Considered doubtful	**351.45**	614.06
	395.53	737.74
b. Other debts	**20,220.99**	31,081.44
Less : Provision for doubtful debts	**351.45**	614.06
	20,265.07	31,205.12

(Rs. in Lakhs)

	As at June 30, 2009	As at June 30, 2008
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash balance on hand	**2.24**	1.97
Balances with banks #		
— in Current Accounts *	**2,788.71**	1,624.47
— in Fixed Deposits**	**11,068.27**	3,574.74
	13,859.22	5,201.18

* Includes amounts restricted Rs.42.27 Lakhs (Previous year - Rs.32.30 Lakhs) on account of unpaid dividends.

** Includes Rs.91.25 Lakhs (Previous year - Rs.123.92 Lakhs) restricted on account of margin money.

Consists of balance with unscheduled banks Rs.9,172.07 Lakhs (Previous year - Rs.3,942.60 Lakhs)

(Rs.in Lakhs)

Name of the Bank	Balance as at June 30, 2009	Balance as at June 30, 2008
Chase Bank of Texas	**1,334.78**	590.63
JP Morgan Chase Bank, New Jersey	**39.97**	176.52
Dresdner Bank, Germany	**235.49**	2.04
Lloyds Bank - UK	**6,720.63**	2,638.98
The National bank of Indianapolis, Indianapolis	**—**	20.73
MayBank-Malaysia	**109.92**	124.87
Citibank, Newyork	**692.87**	388.26
Ayudhya Bank, Thailand	**38.41**	0.33
Volksbank	**—**	0.24
Total	**9,172.07**	3,942.60

(Rs. in Lakhs)

	As at June 30, 2009	As at June 30, 2008
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**3,176.66**	4,228.05
Less : Provision for doubtful advances	**95.81**	80.82
	3,080.85	4,147.23
Advance Fringe benefits tax (net of provision)	**108.99**	101.69
MAT credit entitlement	**2,149.52**	1,202.44
	5,339.36	5,451.36

SCHEDULE 9
LIABILITIES

	As at June 30, 2009	As at June 30, 2008
Sundry Creditors	**9,537.75**	15,187.15
Unclaimed dividends *	**42.27**	32.30
Unearned revenue	**1,272.11**	876.16
Book overdraft in current account with bank	**50.37**	164.20
Other Liabilities	**2,824.88**	4,230.23
	13,727.38	20,490.04

* Note : There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE 10
PROVISIONS

	As at June 30, 2009	As at June 30, 2008
Proposed dividend	**2,017.46**	1,758.71
Provision for Corporate Dividend tax	**342.87**	298.89
Provision for taxes (net of advances)	**1,736.58**	1,751.50
Provision for gratuity	**2,122.18**	1,358.95
Provision for leave encashment	**2,676.24**	1,664.94
	8,895.33	6,832.99

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009 *(Contd.)*

	Year ended June 30, 2009	(Rs. in Lakhs) Year ended June 30, 2008
SCHEDULE 11		
OTHER INCOME		
Interest on deposits etc.	**342.67**	363.26
[Tax deducted at source Rs.3.65 Lakhs (Previous year - Rs.Nil)]		
Profit on sale of fixed assets (net)	**1.23**	473.20
Profit on sale of investments (current, non-trade)	**338.45**	18.67
Income from investments (current, non trade)	**331.44**	790.88
Provision for doubtful debts and advances written back	**336.62**	—
Miscellaneous income	**886.09**	575.30
	2,236.50	2,221.31

SCHEDULE 12
OPERATIONAL EXPENSES

Salaries, bonus, incentives, etc.	**51,082.19**	47,062.13
Gratuity	**863.24**	253.93
Contribution to provident and other funds	**3,496.59**	3,022.00
Staff welfare	**933.09**	1,092.34
Recruitment and training expenses	**916.38**	685.91
Traveling and conveyance	**4,228.72**	4,364.40
Communication charges	**938.14**	1,067.61
Electricity	**824.69**	591.01
Consulting charges	**5,336.40**	6,005.07
Purchase of software	**104.91**	322.06
	68,724.35	64,466.46

(Rs. in Lakhs)

	Year ended June 30, 2009	Year ended June 30, 2008
SCHEDULE 13		
OTHER EXPENSES		
Rates and taxes	**364.74**	362.62
Repairs		
— Building	**250.45**	273.65
— Machinery	**986.92**	794.85
Insurance	**418.66**	411.27
Printing and stationery	**212.81**	194.92
Exchange loss (net)	**1,067.15**	281.62
Professional fees	**3,598.84**	2,730.87
Rent (Refer note 6 of Schedule 15)	**1,247.81**	1,047.76
Advertisement and publicity	**783.32**	743.84
Provision for doubtful debts	**—**	484.23
Bad debts/Advances written off	**—**	29.39
Miscellaneous expenses	**689.07**	1,592.74
	9,619.77	8,947.76

SCHEDULE 14		
FINANCIAL COSTS		
Interest on cash credit	**0.34**	24.96
Interest on term loan	**333.33**	134.70
Bank charges	**28.07**	33.29
Other financial charges	**116.72**	167.33
	478.46	360.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON JUNE 30, 2009

SCHEDULE 15

1. Description of Business

Mastek Limited and its subsidiaries (hereinafter referred to as "Mastek") are engaged in software development, technical and consultancy services. Mastek adopts a cost effective synthesis of onsite and offshore development teams to enhance the value generation to its clients. Mastek also customizes software products for insurance sector and stock broking services.

Mastek Limited has evolved a subsidiary model of operations. It has international subsidiaries in Germany, USA, Canada, UK, Singapore, Thailand and Malaysia and a branch office each in UK, Japan and Korea which cater to the needs of the specific regions. The offshore software development centres are located at Mumbai, Pune, Chennai and Mahape.

2. Significant Accounting Policies

a. Basis of consolidation

The consolidated financial statements of Mastek are prepared under historical cost convention in accordance with generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India to the extent possible in the same format as that adopted by the parent company (Mastek Limited) for its separate financial statements.

The financial statements of subsidiaries have been combined in full on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses and of the associates as per equity method of accounting. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealised 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.

b. 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.

c. Fixed Assets and Depreciation

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

Depreciation of fixed assets is provided on Straight Line Method over the useful life of assets, as estimated by the management, on a pro-rata basis or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets costing less than Rs.5,000/- each are depreciated fully in the year of acquisition. Expenditure incurred on purchase of Design and Software used in operations of the entity, is depreciated over its estimated life. The useful lives estimated by the management for amortisation of the assets which are higher than rates specified as per Schedule XIV are as under:

Goodwill on Merger	Amortised over 3 years
Leasehold Land	Over the Lease Term ranging from 95-99 years
Owned/Leasehold Premises	25 - 30 years
Computers (Included in Plant & Machinery)	2 years
Other Plant and Machinery	5 years
Software	1 - 5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years or over the primary period of lease whichever is less
Vehicles	5 years

d. Investments

Long-term investments are stated at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Current investments are stated at lower of cost and fair value. Any reduction in carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

e. 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 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 in

SCHEDULE 15 ***(Contd.)***

effect at the Balance Sheet date, for revenues, costs 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 Account.

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet, any exchange loss or gain, on such conversion is accounted for in the Profit and Loss Account. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

In respect of transactions related to foreign branches, 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 Profit and Loss account.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment, the premium or discount 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 recognised as income or as expense for the period.

In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) and is recognised in the profit and loss account for the period.

f. Retirement 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 and Superannuation Fund for eligible employees in India, which are administered through Government of India and/or Life Insurance Corporation of India (LIC). Provident Fund and Superannuation Fund (which constitutes an insured benefit) are classified as Defined Contribution Plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred. In case of certain overseas subsidiaries, the Company also provides for defined contribution plans in accordance with the local laws.

In case of Mastek (UK) Limited, the contribution in respect of pension plan for employees is charged to the revenue every year. The assets of the scheme are held separately from those of the company in an independently administered fund.

b) Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity and Leave Encashment for the employees in India. Liability for Defined Benefit Plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary 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 Profit and Loss Account 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 include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

g. Revenue Recognition

Mastek derives its revenues primarily from software services.

SCHEDULE 15 ***(Contd.)***

Revenues from customer support services are recognised ratably over the term of the support period.

Revenues from software related services are primarily related to implementation services performed on a time and material basis under separate service arrangements. Revenue with respect to time and material contracts is recognised as and when services are rendered.

Revenue from fixed price, fixed time frame contracts is recognised in accordance with the percentage of completion method measured by the percentage of cost incurred over the estimated total cost for each contract. 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 engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed, in advance of services performed are recorded as unearned revenue. Unbilled revenue included in debtors, represents amounts recognised based on services performed in accordance with contract terms and where billings are pending.

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on time proportion basis.

h. Borrowings Costs

Borrowing costs that are incurred on borrowings made specifically for the acquisition, construction or production of a qualifying asset are capitalized as a part of that asset. The amount of borrowing costs from funds that are borrowed generally and used for the purpose of obtaining a qualifying asset are calculated by applying a weighted average capitalization rate to the expenditure on that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

i. 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 are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments. Such assets are disclosed as a part of the class of owned assets to which they belong and are depreciated accordingly.

j. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net 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.

k. Income taxes

Provision for tax for the year comprises of current tax and deferred tax. Current tax provision 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 assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next are recognised in the Profit and Loss account in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss account in the year of change. Deferred tax assets are recognised only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

l. Accounting for Employee Stock Options

Stock options granted to the employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are

SCHEDULE 15 ***(Contd.)***

accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) and as amended from time to time. According to the above guidelines, the excess of market value of the stock options as on the date of grant over the exercise price of the options is to be recognised as deferred employee compensation and is to be charged to profit and loss account ratably over the vesting period of the options.

3. Buyback of shares

The Board of Directors at their Meeting held on October 11, 2007 had announced buy back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 at a price not exceeding Rs.750 per share. The Company opted to buy back shares from open market through stock exchange route and the total offer size aggregates to Rs. 65 crores representing 25% of the Company's paid up capital and free reserves as on June 30, 2007.

During current year, the Company had bought back 176,863 (Previous year 1,483,232) equity shares of Rs. 5/- each at an average price of Rs. 374.45 per share and extinguished 744,381(Previous year 915,714) equity shares of Rs. 5/- each. The difference between the nominal value and amount spent for buy back, amounting to Rs. 653.43 Lakhs (Previous year Rs. 5,763.56 Lakhs) which has been appropriated from the share premium account to the tune of Rs. Nil (Previous year Rs.1,156.64 Lakhs) and from General Reserve to the tune of Rs. 653.43 Lakhs (Previous year Rs. 4,606.92 Lakhs). The Company completed its buyback of its equity shares by purchasing 1,660,095 equity shares of Rs. 5/- each at an average price of Rs. 391.54 per share.

The Company has transferred Rs. 8.85 Lakhs (Previous year Rs. 74.16 Lakhs) from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

4. List of subsidiaries considered for consolidation:

Name of Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on June 30, 2009	Extent of Holding (%) as on June 30, 2008
MajescoMastek	USA	100%	100%
Mastek (UK) Ltd.	UK	100%	100%
Mastek GmbH	Germany	100%	100%
Mastek Asia Pacific Pte. Ltd.	Singapore	100%	100%
Mastek MSC Software Sdn.Bhd.	Malaysia	100%	100%
Mastek Outsourcing Services Private Limited	India	100%	100%
Carretek LLC *	USA	100%	100%
Mastek MSC Thailand Co. Ltd **	Thailand	100%	100%
Vector Technologies Inc.<	USA	90%	90%
System Task Group International Ltd. >	USA	100%	100%
Systems Task Group International (India) Private Limited @	India	—	100%
Keystone Solutions Private Limited #	India	100%	100%
Majesco Mastek Enterprises Solutions Canada Co. Ltd ~	Canada	100%	—

* Held by MajescoMastek - 100% subsidiary w.e.f. January 1, 2007.
** Incorporated on February 5, 2007 and 100% held by Mastek MSC Software Sdn.Bhd
< Acquired w.e.f July 1, 2007 and 90% held by MajescoMastek
> Acquired w.e.f January 1, 2008 and 100% held by MajescoMastek
@ System Task Group International India Pvt. Limited has been closed down w.e.f May 21, 2009.
# Held by System Task Group International Ltd. - 100% subsidiary w.e.f. January 1, 2008
~ Incorporated on February 9, 2009

5. Contingent Liabilities and Commitments

(Rs. In Lakhs)

		As at June 30, 2009	As at June 30, 2008
(i)	Counter Guarantees outstanding in respect of guarantees given by banks on behalf of the Company	**157.18**	154.12
(ii)	Corporate guarantees given		
	— on behalf of subsidiary, Majesco Mastek	**6,946.23**	10,328.40
	— on behalf of subsidiary, Mastek (UK) Limited	**32,256.67**	17,797.28
(iii)	Guarantees given by bank on behalf of the company to custom authorities	**1.42**	1.42
(iv)	Claim against the Company not acknowledged as debts	**105.78**	105.78
(v)	Estimated amount of contracts remaining to be executed on capital account not provided for	**2,153.19**	3,087.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON JUNE 30, 2009 *(Contd.)*

SCHEDULE 15 ***(Contd.)***

(Rs. In Lakhs)

6.		**As at June 30, 2009**	As at June 30, 2008
1)	Future minimum capital lease commitments on account of finance leases		
	Due within one year	**84.63**	95.79
	Due later than 1 year but not later than 5 years	**23.55**	85.63
	Due later than 5 years	—	—
	Total minimum lease payments	**108.18**	181.42
	Less: Interest portion	**(16.03)**	(6.33)
	Present value of net minimum capital leases payments	**92.15**	175.09
2)	Lease rentals recognised in the profit and loss account	**1,247.81**	1,047.76
		1,247.81	1,047.76
3)	Future non – cancelable operating lease rental Commitments		
	Due within one year	**265.86**	222.38
	Due later than 1 year but not later than 5 years	**894.17**	32.97
	Due later than 5 years	**143.24**	—
	Total minimum lease payments	**1,303.27**	255.35

4) Description of significant lease agreements:
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.

7. Forward Contracts outstanding Rs. 1,154.65 Lakhs (Previous year Rs. 10,866.34 Lakhs). Gain / (Loss) on foreign exchange forward contracts are included under the head Exchange gain / (loss). All the outstanding forward contracts are backed by receivables.

8. 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 recognised and amortized on a straight line basis over the vesting period. The options granted during the year 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.

(No. of options)

	Year ended June 30, 2009	Year ended June 30, 2008
Opening Balance	**250,579**	403,655
Granted during the year	—	—
Exercised during the year	**(10,629)**	(61,374)
Cancelled during the year	**(148,430)**	(91,702)
Balance unexercised options	**91,520**	250,579

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 recognised and amortised on a straight line basis over the vesting period. The options granted during the year 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

SCHEDULE 15 ***(Contd.)***

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.

(No. of options)

	Year ended June 30, 2009	Year ended June 30, 2008
Opening Balance	**1,071,038**	1,007,745
Granted during the year	**—**	347,500
Exercised during the year	**(8,664)**	(14,741)
Cancelled during the year	**(163,750)**	(269,466)
Balance unexercised options	**898,624**	10,71,038

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 recognised and amortised on a straight line basis over the vesting period. The options granted during the year 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.

(No. of options)

	Year ended June 30, 2009	Year ended June 30, 2008
Opening Balance	**248,876**	—
Granted during the year	**413,484**	463,676
Exercised during the year	**—**	—
Cancelled during the year	**(47,443)**	(214,800)
Balance unexercised options	**614,917**	248,876

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 recognised and amortised on a straight line basis over the vesting period. The options granted during the year 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.The Shareholders of the Company through Postal Ballot on August 20, 2008 approved the allocation of 1,500,000 stock options to the eligible employees of the Company and its subsidiaries.

(No. of options)

	Year ended June 30, 2009
Opening Balance	—
Granted during the year	**61,000**
Exercised during the year	—
Cancelled during the year	—
Balance unexercised options	**61,000**

9. Retirement benefit plans

a) Defined contribution plans

The Company makes contribution towards provident fund and superannuation fund to defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund is maintained by making contribution to Life Insurance Corporation of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company recognised Rs. 898.06 Lakhs (Previous year Rs. 843.97 Lakhs) for provident fund & Pension contribution and Rs. 29.18 Lakhs (Previous year Rs 36.17 Lakhs) for superannuation contribution in the profit & loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plan

The Company provides for liability towards gratuity and leave encashment payable to the employees. Gratuity vests to the employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days

SCHEDULE 15 ***(Contd.)***

salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. Leave encashment vest to the employees at time of retirement, death while in employment or on termination of employment of amount equivalent to salary payable for number of days of accumulated leave balance.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at the balance sheet date, made by independent actuaries.

c) The following table sets out the accrual status of gratuity (unfunded) of Mastek Limited and the amounts recognised in the Company's financial statements as at June 30, 2009.

(Rs in Lakhs)

	As at June 30, 2009	As at June 30, 2008
1. Change in defined benefit obligations:		
Projected benefit obligation, beginning of the year (July 1, 2008)	**1,358.95**	1,227.09
Service cost	**330.44**	284.89
Interest cost	**143.44**	93.55
Actuarial (gain) / loss	**389.36**	(124.51)
Benefits paid	**(100.01)**	(122.07)
Projected benefit obligation, closing of the year (June 30, 2009)	**2,122.18**	**1,358.95**
2. Change in fair value of assets:		
Fair value of plan assets, beginning of the year (July 1, 2008)	**—**	—
Expected return on plan assets	**—**	—
Employer's contribution	**100.01**	122.07
Acquisitions	**—**	—
Benefit paid	**(100.01)**	(122.07)
Actuarial (gain) / loss	**—**	—
Fair value of plan assets, closing of the year (June 30, 2009)	**—**	**—**
3. Amount recognised in the Balance Sheet		
Present value of obligations as at June 30, 2009	**2,122.18**	**1,358.95**
Fair value of plan assets as at June 30, 2009	**—**	—
Amount not recognised as an asset	**—**	—
Net Liability recognised as at June 30, 2009	**2,122.18**	**1,358.95**
4. Net gratuity cost for the year ended June 30, 2009		
Service cost	**330.44**	284.89
Interest cost	**143.44**	93.55
Expected return on plan assets	**—**	—
Net actuarial (gain) / loss recognised in the year	**389.36**	(124.51)
Net gratuity cost	**863.24**	**253.93**
5. Assumptions used in accounting for the gratuity plan:		
Discount rate (p.a.)	**7.50%**	8.70%
Salary escalation rate (p.a.)	**15% p.a. for 1st year & 10% p.a. thereafter**	15% p.a. for 1st year & 10% p.a. thereafter
Expected rate of return on plan assets (p.a.)	**N.A.**	N.A.

d) Leave encashment charged during the year amount to Rs. 1,201.45 Lakhs (Previous year Rs. 648.24 Lakhs).

10. Income Taxes

The Company follows Accounting Standard 22 'Accounting for taxes on income'.

a) The Company's operations are eligible for significant tax incentives under the Indian taxation laws. These incentives presently include an exemption from payment of Indian corporate taxes for a period of ten consecutive years of operations of software development facilities designated as Software Technology Park or in Special Economic Zone. The management estimates the provision for current taxes and deferred taxes after considering such tax benefits and the expected results of the future operation of the Company.

b) Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carry forward and set off against future tax liability. Accordingly, a sum of Rs. 947.08 Lakhs (Previous year Rs 1,114.74 Lakhs) has been carried forward and shown under 'Loans and Advances'.

In addition to Indian operations, the Company is liable to income taxes overseas relating to income of its foreign subsidiaries. Significant components of activities that gave rise to deferred tax assets and liabilities included on the balance sheet were as follows:

(Rs in Lakhs)

	As at June 30, 2009	As at June 30, 2008
Deferred tax assets:		
Doubtful debts	**95.44**	34.31
Fiscal Allowances on Fixed Asset	**758.20**	551.50
Employee benefits allowable when paid	**784.68**	449.60
Operating loss carry forwards	**361.65**	—
Other	**256.62**	10.90
Total deferred tax assets	**2,256.59**	1,046.31
Deferred tax liabilities	**—**	—
Net deferred tax assets	**2,256.59**	1,046.31

11. Related parties

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

Key Management Personnel: Sudhakar Ram.(Chairman & Managing Director) and R. Sundar (Executive Director) w.e.f January 1, 2009

SCHEDULE 15 *(Contd.)*

(Rs. In Lakhs)

	Transactions during the year ended	
	June 30, 2009	June 30, 2008
	Key Management Personnel	Key Management Personnel
Other Income	**—**	—
Remuneration paid/payable:		
Sudhakar Ram	**161.23**	286.24
R Sundar	**66.56**	—

(Rs. In Lakhs)

	Closing Balance as at	
Key Management Personnel	**June 30, 2009**	June 30, 2008
Remuneration payable	**48.05**	144.81

Notes:

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

(ii) The disclosure given above has been reckoned on the basis of information available with the Group.

12. Segment Reporting

Mastek 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.

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

Mastek's reportable primary segments consist of the following SBUs, which are primarily based on the location of the customers: US operations (includes Canada), UK Operations, and Others. 'Others' include operations of Mastek in other parts of the world including India, except those mentioned separately as a segment.

Since Mastek operates only in IT services (which is not classified further by the management), Mastek does not have a reportable business segment.

Segmental Reporting on the basis of location of customers

(Rs. in Lakhs)

	Year Ended June 30,	
Revenue	**2009**	2008
UK	**54,430.55**	56,905.29
USA	**33,276.50**	25,258.36
Others	**6,553.40**	7,233.88
Inter-segment	**—**	—
Total	**94,260.45**	89,397.53
Segment Contribution		
UK	**19,852.79**	20,087.70
USA	**5,997.84**	3,294.77
Others	**360.47**	(202.22)
Inter-segment	**—**	—
Total	**26,211.10**	23,180.25
Common unallocable charges	**(13,248.66)**	(10,449.28)
Interest expenses	**(478.46)**	(360.28)
Other Income	**2,236.50**	2221.31
Profit before taxation and exceptional items	**14,720.48**	14,592.00
Minority Interest	**—**	—
Profit before taxation	**14,720.48**	14,592.00

Mastek Limited incurs common costs on account of various support functions for services that are provided to SBUs. These support functions mainly includes, services of technical cell, resources, recruitment, infrastructure, training, quality, etc.

Mastek Limited also incurs expenses on account of corporate functions, which are provided to these SBUs, and which are not specifically allocable to the SBUs. These unallocable costs primarily consist of expenses relating to offices of directors, interest cost and public relations. Hence, Mastek has disclosed 'Segment Contribution' before the common unallocable charges and interest.

Major portion of segments assets used in Mastek's business comprise of fixed assets, which are primarily located at it's 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 billed by these SBUs.

SCHEDULE 15 ***(Contd.)***

(Rs. In Lakhs)

Other Segmental Information	Segmental Assets		Segmental Liabilities	
	As at June 30,			
	2009	2008	**2009**	2008
UK	**26,185.53**	29,740.29	**5,931.91**	8,434.78
USA	**26,920.54**	23,050.07	**13,476.34**	15,111.40
Others	**6,053.50**	5,237.03	**855.74**	1,008.22
Segmental Assets/Liabilities	**58,159.57**	58,027.39	**20,263.99**	24,554.40
Unallocated Corporate Assets/Liabilities	**21,350.78**	17,537.74	**9,397.10**	11,550.72
Total Assets/ Liabilities	**80,510.35**	75,565.13	**29,661.09**	36,105.12

Since the locations of assets are different from the above segments disclosed, which primarily are segments on the basis of location of customers, Mastek has disclosed the following additional information based on the location of assets.

(Rs. in Lakhs)

Segmental Assets on basis of Location of Assets	Segmental Assets	
	As at June 30	
	2009	2008
UK	**24,226.84**	27,037.60
USA	**25,488.97**	21,577.43
India	**28,237.30**	24,570.05
Others	**2,557.24**	2,380.05
Segmental Assets	**80,510.35**	75,565.13

(Rs. in Lakhs)

	Non-Cash other than Depreciation As at June 30,		Depreciation for the year ended June 30,*		Capital Expenditure for the year ended June 30,@	
	2009	2008	**2009**	2008	**2009**	2008
UK	**(352.35)**	313.04	**61.46**	73.90	**28.80**	40.68
USA	**84.73**	-	**271.62**	450.50	**107.04**	368.31
India	**32.56**	80.11	**2,613.28**	2,719.84	**2,164.99**	4,672.58
Others	**(101.56)**	91.08	**7.53**	8.10	**0.55**	7.09
Totals	**(336.62)**	484.23	**2,953.89**	3,252.34	**2,301.38**	5,088.66

* excludes depreciation on allocated assets

@ excludes goodwill and assets on takeover

SCHEDULE 15 ***(Contd.)***

13. Earnings Per Share (EPS)

The components of basic and diluted earnings per share were as follows :

	As at June 30, 2009	As at June 30, 2008
(a) Net income available to equity shareholders before exceptional item (Rs. in Lakhs)	**14,116.09**	12,587.67
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS	**26,914,521**	28,460,276
Add : Effect of dilutive issue of stock options	**1,469**	130,021
Considered for diluted EPS	**26,915,990**	28,590,297
(c) Earnings per share (net of taxes) in Rs.		
Basic	**52.45**	44.23
Diluted	**52.44**	44.03
(Nominal value per share Rs. 5/- each)		

14. During the year ended June 30, 2008, MajescoMastek, a subsidiary of Mastek Limited had acquired System Task Group International Limited (STG) w.e.f January 1, 2008. The terms of purchase provides for payment of contingent consideration to the selling shareholders, payable over two years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed $ 2 Million. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement.

    Accordingly, MajescoMastek has paid $ 0.50 Million during the year which has been accounted as additional cost of acquisition in accordance with the terms of agreement. As a result the goodwill in consolidated financial statement has been increased by $ 0.50 Million.

15. During the year ended June 30, 2008, MajescoMastek, a subsidiary of Mastek Limited had acquired Vector Insurance LLC (Vector) on 1 July, 2007. The terms of purchase provides for payment of contingent consideration to the selling shareholders, payable over two years and calculated based on achievement of specific targets. The contingent consideration is payable in cash and cannot exceed $ 4.5 Million. The consideration so payable would be accounted in the books of account in the year of achieving the milestones under the agreement.

    Accordingly, MajescoMastek has accounted $ 0.80 Million as additional cost of acquisition in accordance with the terms of agreement. As a result the goodwill in consolidated financial statement has been increased by $ 0.80 Million.

16. **Acquisition of Keystone's business**

    The Board of Directors of Mastek Limited at its meeting held on May 9, 2009 approved the acquisition of business activities pertaining to "Keystone Solutions Private Limited" ('Keystone'), a fully owned subsidiary of Systems Task Group (STG) International Ltd. Consequent to this, Mastek has entered into a business transfer agreement dated June 8, 2009 with Keystone to purchase the entire business on a slump sale basis as a going concern for a total consideration of Rs. 20.36 crores with effect from July 31, 2009.

17. The previous year's figures have been regrouped and reclassified, wherever necessary.

Signatures to Schedules 1 to 15

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Place: Mumbai
Dated: July 22, 2009

O.Banerjee
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

		(Rs. in Lakhs)
	Year ended June 30, 2009	Year ended June 30, 2008
Cash flows from operating activities		
Net Profit before tax and minority Interest	**14,720.48**	14,592.00
Adjustments for :		
Interest on deposits etc.	**(342.67)**	(363.26)
Income from investments (current, non-trade)	**(331.44)**	(790.88)
Financial expenses	**450.39**	326.99
Depreciation and amortisation	**2,953.89**	3,252.34
Provision/(Writeback) for doubtful debts and advances	**(336.62)**	484.23
Profit on sale of asset	**(1.23)**	(473.20)
(Profit) on sale of investments (Long term, trade)	**(338.45)**	(18.67)
Unrealised Foreign exchange gain	**72.24**	(9.88)
Operating profit before working capital changes	**16,846.59**	16,999.67
Decrease / (Increase) in sundry debtors	**11,287.36**	(10,312.42)
Decrease / (Increase) in loans and advances	**1,090.03**	(2,944.25)
Increase / (Decrease) in liabilities	**(4,998.10)**	7,301.64
Cash generated from operations	**24,225.88**	11,044.64
Income taxes paid (net of refunds received)	**(2,799.83)**	(2,425.27)
Net cash from operating activities	**21,426.05**	8,619.37
Cash flows from investing activities		
Proceeds from sale of fixed assets	**26.30**	635.57
Purchase of fixed assets (including leasehold improvements and capital work in progress)	**(4,395.13)**	(17,676.34)
Interest received	**319.02**	363.26
Sale proceeds of current investments(Net)	**100,779.03**	155,644.31
Dividend from current investments	**331.44**	790.88
Purchase of current investments(Net)	**(102,605.00)**	(152,609.16)
Net cash used in investing activities	**(5,544.34)**	(12,851.48)
Cash flows from financing activities		
Payment towards redemption of share capital	**(662.27)**	(5,837.72)
Proceeds from equity share capital	**37.59**	129.42
Payment of Lease obligation	**(115.22)**	(10.05)
Proceeds from Long Term loan	**—**	8,607.00
Repayment of Long Term loan	**(2,366.92)**	—
Dividends paid (including Corporate dividend tax)	**(2,822.11)**	(2,666.76)
Interest paid on loans and lease obligations	**(450.39)**	(326.99)
Net cash used in financing activities	**(6,379.32)**	(105.10)
Effect of exchange changes	**(844.35)**	598.89
Total increase in cash and equivalents during the year	**8,658.04**	(3,738.32)
Cash and cash equivalents at the beginning of the year	**5,201.18**	8,939.50
Cash and cash equivalents at the end of the year	**13,859.22**	5,201.18

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009 *(Contd.)*

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 Assets acquired on lease - Rs. 32.28 lakhs (Previous year Rs. 147.71 Lakhs) being a non-cash transaction has not been considered in the cash flow statement.

3 For reasons, principally the effects of translation differences, certain items in the statement of cash flow do not correspond to the differences between the balance sheet amounts for the respective items.

4 Cash and cash equivalents include Rs.42.27 Lakhs (Previous year Rs.32.30 Lakhs) restricted on account of unpaid dividend.

5 Figures in brackets indicate cash outgo.

6 Previous year's figures have been regrouped/restated wherever necessary.

This is the cash flow referred to in our report of even date

Vasant Gujarathi
Partner
Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated: July 22, 2009

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O.Banerjee
Company Secretary