



## AZTECSOFT POSTS SEQUENTIAL REVENUE GROWTH AT 11+% IN INR TERMS

**Bangalore, October 20, 2008:** Aztecsoft Limited (Aztecsoft) the leading provider of Global Software Engineering Services announced its financial results that were taken on record by its Board of Directors for the second quarter and half-year ended September 30, 2008. For the second quarter, Aztecsoft has posted revenues of Rs 85.51 Crores and a net profit of Rs 5.79 Crores on a consolidated basis.

### Key Highlights:

**Strong Revenue Growth** - Revenues grew sequentially (Q-o-Q sequential growth) by 11.4% in Rupee terms and 5.4% in US Dollar terms.

**Improved Profitability** - Improved sales mix, tight control on operations and expenses and high utilization has helped the Company to improve Gross margins from 35% in Q I-09 to 38% in QII-09 and EBITDA margins from 18% in QI-09 to 25% in QII-09.

**Client base growth** - During this quarter, Aztecsoft added 5 new clients with a good mix of mature players and emerging clients. The total active client count stands at 65 at the end of QII-09. The quarter saw a strong revenue growth coming from existing clients and partially from new clients added in this year.

**Human capital growth** - During the current quarter, the Aztecsoft's most important asset, namely its human capital stands at 2,005 as at September 30, 2008. Blended offshore utilization is at 76% (excluding campus/trainees recruits) and at 70% after considering campus/trainees recruits for the quarter under review.

**Strong & liquid balance sheet** - Cash and cash equivalents stand at Rs 86.69 Crores as on September 30, 2008 and account for 34+% of asset base as on that date.

**Acquisition by MindTree Limited** - MindTree Limited (MindTree), a global IT and R&D Services Company, completed the Open Offer to acquire equity stake in Aztecsoft. MindTree holds 79.90% equity stake in Aztec soft as on date. Consequently, Aztecsoft has become a subsidiary of MindTree.

In a meeting of the Board of Directors of Aztecsoft, held on July 29, 2008, MindTree Chief Executive Officer Krishnakumar Natarajan took over as the Chairman & Managing Director of the Company. Aztecsoft CEO Samir Bodas has been inducted on the Board of Directors. Mr. Sunil Gulati, Mr. S.R. Gopalan and Mr. A.V. Sridhar will continue to serve on the Board as Independent Directors.



## Management Comments

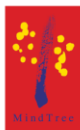
Announcing the financial results, **Mr. Krishnakumar Natarajan, Chairman & Managing Director of Aztecsoft** said,

*“This quarter was good for revenue and utilization levels. The combined strength of MindTree and Aztecsoft has had a positive impact on recent deals and deals in the pipeline. The strong revenue growth supports this trend. The Global financial market situation has had minimal impact on our results. In speaking with our customers, we sense overall optimism in the medium term but caution in the short term. With the differentiated offerings of the combined entity we expect to continue to enhance value for our customers and consequently gain a bigger share of the wallet.”*

**Mr. Samir Bodas, CEO of Aztecsoft** said, *“QII-09 was another quarter of great execution across the board with tight sales management, effective cost control, and efficient delivery. Our strategy to stay focused on Outsourced Product Development and Independent Testing is paying special dividends in these tough economic times as customers look for a combination of value for their spend and lower execution risk from a specialized service provider. We see continued positive momentum in the long run especially as MindTree and Aztecsoft further integrate to deliver unparalleled, differentiated value to both our installed base and new customers.”*

### Consolidated performance summary for the quarter ended September 30, 2008.

Parameters	QII-09 (30-09-08)	Q I-09 (30-06-08)	QII-08 (30-09-07)	Q-o-Q	Y-o-Y
Revenues	85.51	76.77	62.01	11%	24%
Cost of Revenues	52.86	50.15	43.45	5%	15%
Gross Profit	32.65	26.62	18.56	23%	43%
Gross Profit %	38%	35%	30%	-	-
Administrative expenses	5.00	5.52	5.07	-9%	9%
Selling Expenses	6.15	7.61	5.79	-19%	31%
EBITDA	21.50	13.49	7.70	59%	75%
EBITDA %	25%	18%	12%	-	-
Depreciation	3.91	3.68	3.1	6%	19%
Operating profit / (Loss)	17.59	9.81	4.60	79%	113%
Operating profit / (Loss) %	21%	13%	7%	-	-
Foreign exchange gain / (loss)	-11.61	-20.23	2.24	-43%	-1003%
Other Income	1.19	0.85	1.18	41%	-28%
Profit Before tax	7.17	-9.57	8.02	-175%	-219%
Provision for taxation	1.38	-0.28	1.09	-593%	-126%
Net Profit after tax	5.79	-9.29	6.93 <i>(re-stated)</i>	-	-
Net Profit after tax%	7%	-12%	11%	-	-



**Un-audited Consolidated Balance Sheet as on**

Rs in crores

Description	As at Sept 30, 2008	As at June 30, 2008	As at Mar 31, 2008	As at Dec 31, 2007	As at Sept 30, 2007	As at June 30, 2007	As at Mar 31, 2007	As at Dec 31, 2006
<b>Sources of funds</b>								
<b>Shareholders' funds</b>								
Share Capital	13.68	14.14	13.54	13.50	13.50	13.50	13.50	13.22
Reserves and surplus	157.27	153.38	163.70	162.16	160.03	152.81	147.74	179.17
<b>Net worth</b>	<b>170.95</b>	<b>167.52</b>	<b>177.25</b>	<b>175.66</b>	<b>173.53</b>	<b>166.31</b>	<b>161.24</b>	<b>192.39</b>
<b>Loan funds</b>								
Secured loans	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.04
Deferred tax liability	-	-	-	-	-	-	-	-
	<b>170.95</b>	<b>167.52</b>	<b>177.25</b>	<b>175.66</b>	<b>173.56</b>	<b>166.34</b>	<b>161.27</b>	<b>192.43</b>
<b>Application of funds</b>								
<b>Fixed assets</b>								
Gross block	110.55	108.97	107.10	102.64	98.27	71.74	71.27	73.64
Less: accumulated depreciation	-60.19	-56.39	-52.71	-50.26	-48.22	-45.12	-42.07	-42.27
Net block	50.36	52.58	54.39	52.38	50.05	26.62	29.20	31.36
Add: Capital work in progress	4.75	1.94	1.17	3.17	3.15	18.97	15.60	3.51
<b>Net fixed assets</b>	<b>55.11</b>	<b>54.52</b>	<b>55.56</b>	<b>55.55</b>	<b>53.20</b>	<b>45.59</b>	<b>44.80</b>	<b>34.87</b>
Goodwill	-	-	-	-	-	-	-	36.95
Investments	64.96	54.67	52.44	48.07	50.38	51.53	45.81	36.08
Deferred tax asset	3.03	3.12	3.47	2.27	2.24	2.10	2.00	1.71
<b>Current assets, loans and advances</b>								
Unbilled revenue	5.07	6.70	1.98	0.54	0.73	6.16	2.72	1.27
Sundry debtors	72.51	68.16	59.56	61.04	57.67	49.81	54.51	61.40
Cash and bank balances	22.40	20.36	22.70	20.25	11.22	13.84	15.29	14.56
Loans and advances	31.57	30.02	19.79	22.99	28.02	28.24	21.85	35.73
	<b>131.55</b>	<b>125.24</b>	<b>104.03</b>	<b>104.82</b>	<b>97.64</b>	<b>98.05</b>	<b>94.37</b>	<b>112.96</b>
<b>Current liabilities and provisions</b>								
Current liabilities	68.05	53.65	21.41	19.01	14.72	13.40	15.79	19.64
Provisions	15.65	16.38	16.84	16.04	15.18	17.53	9.92	10.50
	<b>83.70</b>	<b>70.03</b>	<b>38.25</b>	<b>35.05</b>	<b>29.90</b>	<b>30.93</b>	<b>25.71</b>	<b>30.14</b>
<b>Net current assets</b>	<b>47.85</b>	<b>55.21</b>	<b>65.78</b>	<b>69.77</b>	<b>67.74</b>	<b>67.12</b>	<b>68.66</b>	<b>82.82</b>
	<b>170.95</b>	<b>167.52</b>	<b>177.25</b>	<b>175.66</b>	<b>173.56</b>	<b>166.34</b>	<b>161.27</b>	<b>192.43</b>



**Important Performance Indicators (Un-audited)**

Description	As at Sep 30, 2008	As at June 30, 2008	As at Mar 31, 2008	As at Dec 31, 2007	As at Sep 30, 2007	As at June 30, 2007	As at Mar 31, 2007
<b>Revenue split</b>							
Offshore %	62%	63%	70%	72%	75%	75%	81%
Onsite %	38%	37%	30%	28%	25%	25%	19%
<b>Client Concentration</b>							
% of revenues from top 5	62%	61%	56%	52%	46%	46%	45%
% of revenues from top 10	75%	75%	70%	68%	61%	59%	58%
<b>Profitability percentages</b>							
Gross Profit%	38%	35%	30%	25%	30%	28%	32%
EBITDA %	25%	18%	14%	9%	12%	12%	14%
Operating Profit %	21%	13%	8%	4%	7%	7%	9%
PAT %	7%	-12%	5%	3%	11%	9%	11%
General Expenses % to revenue	6%	7%	8%	7%	8%	7%	8%
Selling Expenses % to revenue	7%	10%	9%	9%	9%	9%	10%
<b>Key Asset Data (Rs. Crores)</b>							
Receivables	72.51	68.16	59.56	61.04	57.67	53.98	59.01
Net Current Assets	47.85	55.21	65.78	69.77	58.75	55.38	61.95
Cash & Cash equivalents	86.69	74.35	75.14	67.65	60.93	65.37	61.1
Fixed Asset additions	4.38	1.87	2.46	4.37	7.61	4.71	-2.37
<b>Manpower</b>							
Technical	1,880	1919	1,998	2,043	1,962	1,925	2,021
Support	125	131	134	154	173	164	173
Total	2,005	2050	2,132	2,197	2,135	2,089	2,194
<b>Utilization</b>							
Offshore (excluding Trainees)	74%	76%	75%	73%	76%	76%	74%
Onsite	95%	96%	99%	99%	98%	94%	98%
Blended	76%	78%	77%	75%	77%	77%	75%
Offshore utilization (including Trainees)	70%	70%	72%	70%	70%	70%	67%



## About Aztecsoft Limited

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Aztecsoft is a software engineering services partner for software product companies. Leaders in the OPD and Testing space, we provide Full-Lifecycle Product Engineering, Independent Testing, Professional Services and Sustained Engineering services to companies in the following domains: Application and Infrastructure Software, New Media and Internet, Financial Services Software and Life Sciences Software.

With over 2100+ products developed and tested so far, Aztecsoft has helped several top tier Enterprise and Consumer software companies ship some of the most complex software in the world! Aztecsoft's passion for technology, excellence and people gives their customers the best combination of expertise, experience and depth of services to make it the technology partner of choice.

The reasons why our customers prefer to work with us are that we provide four key advantages to them for their software engineering needs: increased speed to market, improved quality, managing uncertainty, and access to specialists.

Aztecsoft has won a number of industry awards for innovative HR practices from independent agencies, which is an external validation of Aztecsoft's consistent growth momentum.

To learn more about Aztecsoft, please visit [www.aztecsoft.com](http://www.aztecsoft.com) or email [marketing@aztecsoft.com](mailto:marketing@aztecsoft.com).

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## Safe Harbor

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