

Aztecsoft Financial Results Q1-09 - Aztecsoft Posts Double Digit Sequential Revenue Growth

Revenues grew sequentially (Q-o-Q) by 11.7% in INR terms and 5.8% in US\$ terms. Revenues grew by 30% (Y-o-Y) in INR terms. For the first quarter ended June 30, 2008, Aztecsoft has posted revenues of Rs. 76.77 Crores and a net loss of Rs. (9.29) Crores on a consolidated basis.

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Improved Profitability - Improved sales mix, tight control on operations and expenses and better utilization has helped the Company to improve Gross Profits from 31% in Q IV-08 to 35% in Q1-09 and EBITDA from 14% in QIV-08 to 18% in Q1-09. However, the sudden depreciation of the rupee resulted in a non-cash charge of Rs. 22. 24 Crores being provisioned on outstanding derivative instruments. Consequently, the Company has reported a net loss of Rs. 9.29 Crores for the quarter and expects this provision to reverse during subsequent quarters.

Client base growth - During this quarter, Aztecsoft added 6 new clients with a good mix of mature players and emerging clients. The total active client count stands at 75 at the end of Q1-09. The client additions include a leading developer of global transaction-based tax calculation and compliance systems and application delivery Infrastructure Company, a pop TV channel, a mobile application development company, a large global electronics, gaming, entertainment and financial services company etc. The quarter saw a strong revenue growth coming from existing clients and partially from new clients added in this quarter.

Human capital growth - During the current quarter, the Aztecsoft's most important asset, namely its human capital stands at 2,050 as at June 30, 2008. Blended offshore utilization is at 78% (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. 74.35 Crores as on June 30, 2008 and account for 31+% of asset base as on June 30, 2008.

Acquisition by MindTree Limited - During the quarter, MindTree Limited announced its intention to acquire Aztecsoft Limited. MindTree expects to complete the open offer process by the end of July and Aztecsoft will thereafter become a subsidiary of MindTree.

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Aztecsoft is a Global Software Engineering Services partner for both established and early stage software product companies. We provide Full Lifecycle Product Engineering, Independent Testing, Professional Services and Sustained Engineering Services. We have helped several top tier Enterprise and Consumer software companies ship or put in production some of the most complex software in the world!

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