Independent Auditor's Report

To the Members of Mastek Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Mastek Limited** (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), as listed in **Annexure - I**, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit (including Other Comprehensive Income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by the ICAI. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditor in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue from contracts with customers (Refer notes 2(e)(xiv) and 16 to the accompanying consolidated financial statements) Revenue is recognised basis the terms of each contract with customers wherein certain commercial arrangements involve complexity and significant judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation and the appropriateness of basis used to measure revenue recognised over the time period is applied in selecting the accounting basis in each case. We identified revenue of the Group as a key audit matter in the audit of consolidated financial statements of current year because of the significant judgement/ estimates used in accounting of revenue contracts.	Our audit procedures relating to revenue recognition included, but were not limited to the following: • Evaluated the design and operating effectiveness of internal financial controls relating to the revenue recognition of the Group. • Selected samples from all streams of contracts and performed detailed analysis on recognition of revenue as per the requirement of Ind AS 115, 'Revenue from Contracts with Customers' which involved testing of inputs to revenue recognition including estimates used. • Evaluated appropriateness and adequacy of disclosures made in the consolidated financial statements with respect to revenue in accordance with the requirements of applicable financial reporting framework.

Key audit matter	How our audit addressed the key audit matter
Valuation of put option liability As described in note 34 to the accompanying consolidated financial statements, the Holding Company has written a put option over the equity instrument of a subsidiary, where the holders (non-controlling interests) of that instrument have the right to put their instrument back to the Holding Company at its fair value on specified dates. The amount that may become payable at each reporting date under the option upon its exercise is recognised at present value as a written put option financial liability with a corresponding charge to equity. Management has appointed an independent valuation expert to value the put option liability at each reporting period. The processes and methodologies used for assessing and determining the value involves use of assumptions and is based on complex management's judgement and estimates. Considering put option liability is significant to the consolidated financial statements and auditing management judgement and estimates as stated above involves high degree of subjectivity and require significant auditor judgement, valuation of put option liability is considered as a key audit matter for the current year audit.	Our audit procedures in relation to valuation of put option liability included but were not limited to the following: • Evaluated appropriateness of the Group's accounting policy in respect of recognition and measurement of put option liability in accordance with Ind AS 109, 'Financial Instruments'. • Obtained the understanding of the process of identification, recognition, and measurement of derivative financial instruments. Evaluated the design and implementation of internal financial controls implemented in such process and tested their operating effectiveness during the year. • Obtained the management's external valuation specialist's report on determination of fair value of put option liability and assessed the professional competence and objectivity of the management's expert. • Involved auditor's experts to assess the valuation assumptions used and methodology considered by the management's expert to calculate the put option liability and the mathematical accuracy of these calculations. • Assessed the reasonability of the assumptions and estimates made by the management considered in the valuation of the put option liability basis our understanding of the business and external market conditions to the extent relevant. • Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements used by management, in accordance with applicable financial reporting framework.
Carrying value of goodwill on business combination Refer notes 2(e)(ix) and 3(c) to the accompanying consolidated financial statements. As at 31 March 2023, the Group's assets include goodwill aggregating to ₹ 10,897 lakhs on account of acquisition of TAISTech US group. The Group has performed annual impairment test for the goodwill as per Ind AS 36, 'Impairment of Assets'. The determination of the recoverable value requires management to make certain key estimates and assumptions including forecast of future cash flows, long-term growth rates, profitability levels and discount rates. Changes in these assumptions could lead to an impairment to the carrying value of the goodwill. Considering goodwill balance is significant to the consolidated financial statements and auditing management judgement and estimates as stated above involves high degree of subjectivity and require significant auditor judgement, assessment of carrying value of goodwill is considered as a key audit matter for the current year audit.	Our audit procedures in relation to testing of impairment of goodwill included but were not limited to the following: • Assessed the reasonability of the assumptions used by the management for cash flow forecasts and verified the historical trend of business to evaluate the past performance for consistency. • Obtained management's external valuation specialist's report on determination of recoverable amount and assessed the competence and objectivity of the management's expert. • Involved auditor's experts to assess the valuation assumptions used and methodology considered by the management's expert to calculate the recoverable amount and the mathematical accuracy of these calculations. • Performed the sensitivity analysis on the key assumptions to evaluate the possible variation on the current recoverable amount to ascertain the sufficiency of headroom available. • Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements used by management, in accordance with applicable financial reporting framework.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including Other Comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, are responsible for assessing the ability of the respective entities included in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the respective entities included in the Group or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group, are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate Internal Financial Controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements/ financial information of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, whose financial statements reflects total assets of ₹ 17,232 lakhs and net assets of ₹ 8,116 lakhs as at 31 March 2023, total revenues of ₹ 25,884 lakhs and net cash inflows amounting to ₹ 1,299 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Further, of these subsidiaries, one subsidiary is located outside India whose financial statements has been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditor under generally accepted auditing standards applicable in its country. The Holding Company's management has converted the financial statements of this subsidiary from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15 above, on separate financial statements of the subsidiaries, we report that the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 (the 'Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies. Further, following is the company included in the consolidated financial statements for the year ended 31 March 2023 and covered under that Act that is audited by us, for which the report under section 143(11) of the Act has not yet been issued by us.

S No	Name	CIN	Subsidiary/ Associate/ Joint Venture
1	Mastek Enterprise Solutions Private Limited	U51505GJ1999PTC112745	Subsidiary company

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
    e) On the basis of the written representations received from the directors of the Holding Company and its one subsidiary company and taken on record by the Board of Directors of the Holding Company and its subsidiary company, respectively, covered under the Act, and the report of the statutory auditors of its subsidiary company, covered under the Act, none of the directors of the Group, covered under the Act, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the Internal Financial Controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in **Annexure - II,** wherein we have expressed an unmodified opinion; and
    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries, incorporated in India whose financial statements have been audited under the Act:
        i. There were no pending litigations as at 31 March 2023 which would impact the consolidated financial position of the Group;
        ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies, incorporated in India during the year ended 31 March 2023;
        iv.
            a. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiaries, respectively that, to the best of their knowledge and belief, as disclosed in note 36(i) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any person or entity, including foreign entity (the 'intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any such subsidiary companies (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
            b. The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and to the other auditor of such subsidiaries, respectively that, to the best of their knowledge and belief, as disclosed in the note 36(ii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any person or entity, including foreign entity (the 'Funding

Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2023 and until the date of this audit report is in compliance with section 123 of the Act.

Further, the final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

Further, as stated in note 10.2 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

Further, the subsidiary companies, incorporated in India have not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 01 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840
UDIN: 23108840BGYAVJ6318

Place: Mumbai
Date: 19 April 2023

Annexure – I

List of entities included in the Statement (in addition to the Holding Company)

1. Mastek Enterprise Solutions Private Limited (Formerly known as Trans American Information Systems Private Limited)
2. Mastek (UK) Limited
3. Mastek Inc.
4. Trans American Information Systems Inc.
5. Mastek Digital Inc.
6. Mastek Arabia FZ LLC
7. Evolutionary Systems Qatar WLL
8. Evolutionary Systems (Singapore) Pte Limited
9. Mastek Systems Pty Limited (formerly known as Evolutionary Systems Pty Limited)
10. Evolutionary Systems Corp.
11. Evolutionary Systems Co. Limited
12. Evosys Consultancy Services (Malaysia) SDN BHD
13. Evolutionary Systems B.V.
14. Evolutionary Systems Saudi LLC
15. Evosys Kuwait WLL
16. Evolutionary Systems Bahrain WLL
17. Evolutionary Systems Consultancy LLC
18. Evolutionary Systems Egypt LLC
19. Newbury Cloud Inc.
20. Evolutionary Systems Canada Limited
21. Meta Soft Tech Systems Private Limited (with effect from 01 August 2022)
22. Metasoftech Solutions LLC (with effect from 01 August 2022)

Annexure – II

to the Independent Auditor's Report of even date to the members of Mastek Limited on the consolidated financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the consolidated financial statements of Mastek Limited (the 'Holding Company') and its subsidiary companies (the Holding Company and its subsidiaries together referred to as the 'Group'), as at and for the year ended 31 March 2023, we have audited the Internal Financial Controls with reference to consolidated financial statements of the Holding Company and its two subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its two subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the Internal Financial Controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the Internal Financial Controls with reference to consolidated financial statements of the Holding Company and its two subsidiary companies, as aforesaid, based on our audit and consideration of report of other auditor. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls with reference to consolidated financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls with reference to consolidated financial statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls with reference to consolidated financial statements of the Holding Company and its two subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's Internal Financial Controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Controls with reference to consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of Internal Financial Controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to consolidated financial statements to future periods are subject to the risk that the Internal Financial Controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditor on Internal Financial Controls with reference to financial statements of one subsidiary company, the Holding Company and its two subsidiary companies, which are companies covered under the Act, have in all material respects, adequate Internal Financial Controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2023, based on the Internal Financial Controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the Internal Financial Controls with reference to financial statements insofar as it relates to one subsidiary company, which is company covered under the Act, whose financial statements reflect total assets of ₹ 3,672 lakhs and net assets of ₹ 1,806 lakhs as at 31 March 2023, total revenues of ₹ 3,218 lakhs and net cash outflows amounting to ₹ 452 lakhs for the year ended on that date, as considered in the consolidated financial statements. The Internal Financial Controls with reference to financial statements in so far as it relates to this subsidiary company, have been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the Internal Financial Controls with reference to consolidated financial statements for the Holding Company and its two subsidiary companies, as aforesaid, under section 143(3)(i) of the Act in so far as it relates to this subsidiary company, is based solely on the report of the auditor of this company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840
UDIN: 23108840BGYAVJ6318

Place: Mumbai
Date: 19 April 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in lakhs)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)(i)	5,932	5,647
Capital work-in-progress	3(d)	666	435
Investment properties	3(e)	-	414
Goodwill	3(c)	1,49,758	69,801
Other intangible assets	3(a)(ii)	15,377	7,104
Right-of-use assets	3(b)	2,958	1,137
Financial assets			
Investments	4(a)	1,294	1,077
Other financial assets	4(b)	3,130	4,164
Deferred tax assets, net	25(c)	10,485	7,050
Income tax assets, net		323	322
Other non-current assets	5	147	153
Total non-current assets		**1,90,070**	**97,304**
Current assets			
Financial assets			
Investments	6(a)	5,577	1,488
Trade receivables	6(b)	50,663	43,557
Cash and cash equivalents	6(c)(i)	20,764	72,658
Bank balances other than cash and cash equivalents	6(c)(ii)	79	4,035
Other financial assets	6(d)	1,209	1,381
Contract asset	7	35,080	20,181
Other current assets	8	10,648	8,213
Total current assets		**1,24,020**	**1,51,513**
Total assets		**3,14,090**	**2,48,817**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	1,526	1,501
Other equity	10	1,66,815	1,05,635
Equity attributable to owners of the holding company		**1,68,341**	**1,07,136**
Non Controlling interest	10.1	9,110	15,034
Total equity		**1,77,451**	**1,22,170**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	11(a)	26,904	12,080
Lease liabilities	11(b)	2,249	804
Other financial liabilities	11(c)	27,617	23,717
Provisions	12	3,357	2,720
Deferred tax liabilities, net	25(c)	2,961	2,124
Total non-current liabilities		**63,088**	**41,445**
Current liabilities			
Financial liabilities			
Borrowings	13(a)	10,174	6,946
Lease liabilities	13(b)	1,007	453
Trade payables	13(c)	18,294	18,718
Other financial liabilities	13(d)	20,410	36,480
Other current liabilities	14	8,223	7,344
Contract liabilities		5,927	6,256
Provisions	15	3,324	2,780
Current tax liability, net		6,192	6,225
Total current liabilities		**73,551**	**85,202**
Total liabilities		**1,36,639**	**1,26,647**
Total equity and liabilities		**3,14,090**	**2,48,817**

The accompanying notes forms an integral part of the consolidated financial statements

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: April 19, 2023

For and on behalf of the Board of Directors of **Mastek Limited**

Ashank Desai
Chairman
DIN: 00017767

Rajeev Grover
Director
DIN: 00058165

Arun Agarwal
Global Chief Financial officer
Place: Mumbai
Date: April 19, 2023

Dinesh Kalani
Vice President - Group Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	16	2,56,339	2,18,384
Other income	17	3,829	3,608
Total income (1)		**2,60,168**	**2,21,992**
EXPENSES			
Employee benefits expenses	18	1,37,588	1,09,545
Finance costs	19	2,472	768
Depreciation and amortisation expenses	20	6,737	4,287
Other expenses	21	73,166	62,588
Total expenses (2)		**2,19,963**	**1,77,188**
Profit before exceptional items and tax (3 = 1-2)		**40,205**	**44,804**
Exceptional items- gain (net) (4)	22	2,532	-
Profit before tax (5 = 3+4)		**42,737**	**44,804**
Tax expense / (credit)	25(a)		
Current tax		14,408	12,628
Deferred tax		(3,355)	(1,166)
Income tax relating to earlier years		657	-
Total tax expense (net) (6)		**11,710**	**11,462**
Profit after tax for the year (7 = 5-6)		**31,027**	**33,342**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss in subsequent periods:			
Defined benefit plan actuarial gains		404	251
Income tax relating to items that will not be reclassified to profit or loss		(48)	(20)
Items that will be reclassified to profit and loss in subsequent periods:			
Exchange gain on translation of Foreign operations		7,026	1,628
Net change in fair value of forward contracts designated as cash flow hedges - (loss)/ gain		(822)	2,053
Net change in fair value of financial instruments - loss		(261)	(1,062)
Income tax relating to items that will be reclassified to profit or loss - credit / (expense)		285	(277)
Total OCI for the year (8)		**6,584**	**2,573**
Total Comprehensive Income for the year (7+8)		**37,611**	**35,915**
Profit for the year attributable to			
Owners of the Holding Company		29,301	29,513
Non-controlling interests		1,726	3,829
Profit after tax for the year		**31,027**	**33,342**
Other comprehensive income (OCI) attributable to			
Owners of the Holding Company		6,545	2,555
Non-controlling interests		39	18
Total other comprehensive income for the year		**6,584**	**2,573**
Total Comprehensive income for the year attributable to			
Owners of the Holding Company		35,846	32,068
Non-controlling interests		1,765	3,847
Total comprehensive income for the year		**37,611**	**35,915**
Earnings per equity share (in ₹)	23		
(Equity shares of face value ₹ 5 each)			
Basic- ₹		97.23	106.52
Diluted- ₹		95.53	103.81

The accompanying notes forms an integral part of the Consolidated financial statements

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: April 19, 2023

For and on behalf of the Board of Directors of **Mastek Limited**

Ashank Desai
Chairman
DIN: 00017767

Rajeev Grover
Director
DIN: 00058165

Arun Agarwal
Global Chief Financial officer
Place: Mumbai
Date: April 19, 2023

Dinesh Kalani
Vice President - Group Company Secretary

Consolidated Statement of Cash Flows
for the year ended March 31, 2023

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities		
Profit for the year	31,027	33,342
Adjustments for :		
Interest income	(149)	(292)
Employee stock compensation expenses	559	393
Finance costs	2,472	768
Depreciation and amortisation	6,737	4,287
Net (gain) on foreign currency translation	(816)	(206)
Tax expense	11,710	11,462
Exceptional Items (Refer note 22)	(2,532)	-
Provision for doubtful debts including Bad debts written off, net	2,548	1,144
(Profit) / Loss on sale of property plant and equipment, net	(37)	2
Profit on sale of current investments and gain on investment measured at FVTPL	(477)	(1,696)
Rental income including maintenance charges	(438)	(287)
	50,604	**48,917**
Changes in operating assets and liabilities; net of effect from acquisitions		
(Increase) in trade receivables	(13,831)	(13,636)
(Increase) in advances and other assets	(870)	(3,669)
(Decrease) / Increase in trade payables, other liabilities and provisions	(11,528)	6,641
Cash generated from operating activities before taxes	**24,375**	**38,253**
Income taxes paid, net of refunds	(13,608)	(10,904)
Net cash generated from operating activities	**10,767**	**27,349**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and investment property	4,939	19
Purchase of property, plant and equipment, capital work-in-progress and intangible assets	(3,150)	(3,685)
Interest received	394	353
Rental income including maintenance charges	277	406
Purchase consideration towards acquisition of other non-current investments	(1,241)	-
Purchase consideration paid for acquisition of subsidiaries	(75,517)	(16,595)
Purchase of other current investments	(24,641)	(28,136)
Investment in long term bank deposits	(596)	-
Liquidation of long term bank deposits	28	-
Liquidation of short term bank deposits	3,952	967
Proceeds from sale of long term investments	1,048	3,147
Proceeds from sale of current investments	20,743	41,509
Net cash (used in) investing activities	**(73,764)**	**(2,015)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from financing activities		
Proceeds from issue of shares under the employee stock option schemes	251	173
Proceeds from long term borrowings	24,498	196
Repayments of long term borrowings	(7,082)	(7,288)
Payment of lease liabilities	(833)	(693)
Dividends paid	(5,741)	(4,752)
Interest paid on lease and other finance charges	(308)	(23)
Interest paid on loan	(1,528)	(463)
Net cash generated from / (used in) from financing activities	**9,257**	**(12,850)**
Effect of changes in exchange rates for cash and cash equivalents	(507)	(587)
Net (decrease) / increase in cash and cash equivalents during the year	(54,247)	11,897
Cash and cash equivalents at the beginning of the year	72,658	60,761
Cash and cash equivalents transferred pursuant to a business acquisition (refer note 34 (b))	2,353	-
Cash and cash equivalents at the end of the year [Refer note 6 (c)(i)]	**20,764**	**72,658**

The accompanying notes forms an integral part of the Consolidated financial statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of **Mastek Limited**

Ashank Desai
Chairman
DIN: 00017767

Rajeev Grover
Director
DIN: 00058165

Adi P. Sethna
Partner
Membership No.: 108840

Arun Agarwal
Global Chief Financial officer
Place: Mumbai
Date: April 19, 2023

Dinesh Kalani
Vice President - Group Company Secretary

Place: Mumbai
Date: April 19, 2023

Consolidated Statement of Changes In Equity

for the year ended March 31, 2023

(a) Equity share capital (Refer note 9) (₹ in lakhs)

Balance as at April 1, 2022	1,501
Add: Shares issued on exercise of stock options	9
Add: Issue of share for acquisition of non controlling interest of Mastek Enterprises Solutions Pvt. Ltd. (Formally known as Trans American Information Systems Pvt. Ltd. (Refer note 34(a))	16
Balance as at March 31, 2023	**1,526**
Balance as at April 1, 2021	1,262
Add: Shares issued on exercise of stock options and restricted shares	14
Add: Issue of share on account of demerger of the business of Evolutionary Systems Private Limited ("ESPL") (Refer note 34(a))	212
Add: Issue of share for acquisition of non controlling interest of Mastek Enterprises Solutions Pvt. Ltd. (Formally known as Trans American Information Systems Pvt. Ltd.) (Refer note 34(a))	13
Balance as at March 31, 2022	**1,501**

(b) Other Equity (Refer note 10) (₹ in lakhs)

Particulars	Reserve and Surplus						OCI							
	Capital reserve	Capital redemption reserve	Securities premium	Share options outstanding account (net of taxes)	General reserve	Retained earnings	Re-measure-ment of defined benefit plans	Effective portion of cash flow hedge	Fair value of non current investment in mutual funds	Exchange differences on translating the financial statements of a Foreign operation	Equity Shares proposed to be issued (Refer note 34)	Put Options written on non-controlling interest (Refer note 34)	Non-Controlling Interest (Refer note 34)	Total other equity
Balance as at April 1, 2022	21	1,539	32,951	2,603	362	1,39,592	221	1,214	185	(688)	-	(72,365)	15,034	1,20,669
Issue of equity share on exercise of employee share option	-	-	235	-	-	-	-	-	-	-	-	-	-	235
Employee share-based compensation	-	-	-	560	-	-	-	-	-	-	-	-	-	560
Transferred to securities premium on exercise of employee options	-		327	(327)	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	29,301	-	-	-	-	-	-	1,726	31,027
Cash dividends	-	-	-	-	-	(5,741)	-	-	-	-	-	-	-	(5,741)
ESOP adjustments*	-	-	-	(22)	22	-	-	-	-	-	-	-	-	-
Addition on account of MST acquisition	-	-	-	-	-	-	9	-	-	-	-	-	-	9
Other comprehensive income (net of taxes)	-	-	-	-	-	-	346	(488)	(185)	6,872	-	-	39	6,584
Excess tax benefits from exercise of share-based options	-	-	-	(1,290)	-	-	-	-	-	-	-	-	-	(1,290)
Issue of share for acquisition of non controlling interest of Mastek Enterprises Solutions Private Limited (Formerly known as Trans American Information Systems Private Limited) (Refer note 34)	-	-	5,937	-	-	-	-	-	-	-	-	-	-	5,937
Acquisition of proportionate non-controlling interests (Refer note 34)	-	-	-	-	-	8,044	(3)	(13)	-	(339)	-	-	(7,689)	-
Put options written on Non-Controlling Interest (Refer note 34)	-	-	-	-	-	-	-	-	-	-	-	17,935	-	17,935
Balance as at March 31, 2023	21	1,539	39,450	1,524	384	1,71,196	573	713	-	5,845	-	(54,430)	9,110	1,75,925

(b) Other Equity (Refer note 10)

(₹ in lakhs)

Particulars	Reserve and Surplus						OCI							
	Capital reserve	Capital redemption reserve	Securities premium	Share options outstanding account (net of taxes)	General reserve	Retained earnings	Re-measure-ment of defined benefit plans	Effective portion of cash flow hedge	Fair value of non current investment in mutual funds	Exchange differences on translating the financial statements of a Foreign operation	Equity Shares proposed to be issued (Refer note 34)	Put Options written on non-controlling interest (Refer note 34)	Non-Controlling Interest (Refer note 34)	Total other equity
Balance as at April 1, 2021	21	1,539	4,788	2,644	362	1,07,790	(7)	(201)	937	(2,415)	19,169	(50,035)	18,203	1,02,795
Issue of share capital on exercise of employee share option	-	-	159	-	-	-	-	-	-	-	-	-	-	159
Employee share-based compensation	-	-	-	393	-	-	-	-	-	-	-	-	-	393
Transferred to securities premium on exercise of employee options	-		923	(923)	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	29,513	-	-	-	-	-	-	3,829	33,342
Cash dividends	-	-	-	-	-	(4,753)	-	-	-	-	-	-	-	(4,753)
ESOP adjustments*	-	-	-	(89)	-	89	-	-	-	-	-	-	-	-
OCI (net of taxes)	-	-	-	-	-	-	195	1,435	(752)	1,677	-	-	18	2,573
Excess tax benefits from exercise of share-based options	-	-	-	578	-	-	-	-	-	-	-	-	-	578
Issue of share capital on account of acquisition of control of the business of ESPL(Refer note 34)	-	-	18,957	-	-	-	-	-	-	-	(19,169)	-	-	(212)
Issue of share for acquisition of non controlling interest of Mastek Enterprises Solutions Private Limited (Formerly known as Trans American Information Systems Private Limited) (Refer note 34)	-	-	8,124	-	-	-	-	-	-	-	-	-	-	8,124
Acquisition of proportionate non-controlling interests (Refer note 34)	-	-	-	-	-	6,953	33	(20)	-	50	-	-	(7,016)	-
Put options written on Non-Controlling Interest (Refer note 34)	-	-	-	-	-	-	-	-	-	-	-	(22,330)	-	(22,330)
Balance as at March 31, 2022	**21**	**1,539**	**32,951**	**2,603**	**362**	**1,39,592**	**221**	**1,214**	**185**	**(688)**	**-**	**(72,365)**	**15,034**	**1,20,669**

*ESOP adjustment reflects vested stock options lapsed during the year.

The accompanying notes forms an integral part of the Consolidated financial statements

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: April 19, 2023

For and on behalf of the Board of Directors of **Mastek Limited**

Ashank Desai
Chairman
DIN: 00017767

Rajeev Grover
Director
DIN: 00058165

Arun Agarwal
Global Chief Financial officer
Place: Mumbai
Date: April 19, 2023

Dinesh Kalani
Vice President - Group Company Secretary

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

1 Company overview

Mastek Limited (the 'Company'/ 'Holding Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Holding Company's registered office is located at 804/805, President House, Opp. C N Vidyalaya, Near Ambawadi Circle, Ahmedabad - 380 006, Gujarat, India. The Company and its subsidiaries (collectively referred herein under as "the Group") are providers of vertically-focused enterprise technology solutions.

The portfolio of Group's offering includes business and technology services comprising of Application Development, Application Maintenance, Business Intelligence and Data Warehousing, Testing & Assurance, Digital Commerce, Agile Consulting and Legacy Modernisation, Oracle Cloud, Oracle ERP Cloud, product-as-a-service solutions and machine learning. Through its acquisition of Metasoft during the year, the Group would be able to further offer sales force, licensing solutions, Mule Soft integrations, CPQ for salesforce and Vlocity products to a variety of industries (Refer note 34(b)).The Group carries out its operations in India, UK, USA, EMEA (Europe, the Middle East and Africa), APAC (Asia-Pacific) and has its offshore software development centres in India at Mumbai, Gurugram, Noida, Pune, Chennai, Mahape and Ahmedabad.

2 Basis of preparation and presentation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and the presentation and disclosure requirement of Division II of Schedule III to the Act and the guidelines issued by the Securities and Exchange Board of India to the extent applicable.

The revision to consolidated financial statements is permitted by Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per the provisions of the Act.

These consolidated financial statements of the Group ("consolidated financial statements") as at and for the year ended March 31, 2023 were approved and authorised by the Company's board of directors as on April 19, 2023.

All amounts included in the consolidated financial statements are reported in Indian rupees (in lakhs) unless otherwise stated and "0" denotes amounts less than fifty thousands rupees.

b. Basis of Preparation

The consolidated financial statements have been prepared on accrual basis using the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value;

iii. Share based payment transactions;

iv. Defined benefit and other long-term employee benefits; and

v. Contingent Consideration

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle which does not exceed 12 months.

c. Use of estimate and judgement

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

i) **Revenue recognition:** The Group applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

probable based on the expected contract estimates at the reporting date.

ii) **Income taxes:** The Group's major tax jurisdictions are India, UK, USA, EMEA and APAC. Significant judgments are involved in determining the provision for income taxes, including judgement on whether tax positions are probable of being sustained in the tax assessment. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

iii) **Business combination:** Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are conducted by independent valuation experts.

iv) **Defined benefit plans and compensated absences:** The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

v) **Property, plant and equipment:** Property, plant and equipment represent a significant proportion of the asset base of the Group. The change in respect of periodic depreciation is derived after determining an estimate of an assets expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

vi) **Impairment testing:** Goodwill and Intangible assets recognized on business combination are tested for impairment at least annually or when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit (CGU) to which these pertain is less than the carrying value. The recoverable amount of the asset or the CGU is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of a CGU involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

vii) **Expected credit losses on financial assets:** On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

viii) **Research and development credit:** Research and development credit, in accordance with Ind AS 20 are recognised only to the extent there is reasonable assurance that the related conditions will be met and amounts will be received.

Government grant relating to income are deferred and recognised in the consolidated statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within the other income/ credit to related expenses.

ix) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

x) **Provisions:** Provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding defined benefit obligation and compensated expenses) are not discounted to its present value and are determined based on best estimate required to settle obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

xi) **Share-based payments:** At the grant date, fair value of options granted to employees is recognized as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognized as expense is adjusted to reflect the impact of the revision in estimates based on number of options that are expected to vest, in the consolidated statement of profit and loss with a corresponding adjustment to equity.

xii) **Leases:** Determining the lease term of contracts with renewal and termination options – Group as lessee

Ind AS 116 requires the lessee to determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

When it is reasonably certain to exercise extension option and not to exercise termination option, the Group includes such extended term and ignore termination option in determination of lease term.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Group has taken indicative rates from its bankers and used them for Ind AS 116 calculation purposes."

(xiii) **Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(xiv) **Contingent liabilities** - At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

(xv) **Restructuring provision** - Severance liabilities as a result of reduction in work force are recognised when they are determined to be probable and estimable and create a constructive obligation about the execution of plan. On an ongoing basis, management assesses the profitability of a business and possibly may decide to restructure the operations of such businesses. Significant assumptions are used in determining the amount of the estimated liability for restructuring.

(xvi) Any provision/reversal of the contract asset is done on the basis of specific identification method. As per management estimate billing is done within one year from the end of the financial year.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases and extent of control is considered based on participative/beneficial rights.

The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/ loss from such transactions are eliminated upon consolidation.

The Consolidated Financial Statements are prepared using uniform accounting policy for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, have been made in the consolidated financial statements.

Non-controlling interests, if any, in the results and equity of subsidiary companies are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet. The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

e. Summary of Significant accounting policies

i) Functional and Presentation Currency

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

ii) Foreign currency transactions and balances

Foreign currency transactions of the Group are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at each reporting date based on the rate prevailing on such date. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities are continued to be carried at rates of initial recognition.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

iii) Financial instruments

A. Initial recognition and measurement

The Group recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets (except trade receivables) and financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not measured at fair value through profit or loss are added to the fair value on initial recognition. Regular purchase and sale of financial assets are recognised on the trade date. Further, trade receivables are measured at transaction price on initial recognition.

B. Subsequent measurement

1. Non-derivative financial instruments

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business

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model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are subsequently measured at amortised cost using the effective interest rate method less impairment losses, if any.

b. **Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election to present investment in share warrants at FVOCI.

c. **Financial Assets at Fair Value Through Profit or Loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d. **Financial Liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

e. **Derivative instruments**

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

These derivative instruments are designated as cash flow hedge.

The hedge accounting is discontinued when the hedging instruments expires or is sold, terminated or no longer qualifies for hedge accounting and the cumulative gain or loss on the hedging instruments recognized in hedging reserve till the price hedge was effective remain in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flows hedging reserve is transferred to profit or loss upon the occurrence of related forecasted transactions.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the consolidated statement of profit and loss.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

For accounting policy related to fair value hierarchy refer note 29.

C. **Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

D. **Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Current versus non-current classification

1. An asset is considered as current when it is:

a. Expected to be realised or intended to be sold or consumed in the normal operating cycle, or

b. Held primarily for the purpose of trading, or

c. Expected to be realised within twelve months after the reporting period, or

d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period."

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2. All other assets are classified as non-current.

3. Liability is considered as current when it is:

a. Expected to be settled in the normal operating cycle, or

b. Held primarily for the purpose of trading, or

c. Due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

4. All other liabilities are classified as non-current.

5. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

6. All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

v) Property, Plant and Equipment (PPE)

Property, plant and equipment are stated at cost, less accumulated depreciation, amortisation and impairment loss, if any. Costs directly attributable to acquisition are capitalized until the PPE are ready for use, as intended by management. The cost of PPE acquired in a business combination is recorded at fair value on the date of acquisition. The fair value is taken as per the report of independent valuer. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit and loss when the asset is derecognised.

The Group depreciates PPE over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Category	Useful Life
Building	25-30 years
Computers	2-5 years
Plant and equipment	2-5 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years
Leasehold improvement	5-15 years i.e. life of the asset or the primary period of lease whichever is less
Leasehold land	Lease Term ranging from 95-99 years

In case of certain PPE, the Group uses useful life different from those specified in Schedule II of the Act which is duly supported by technical evaluation. The management believe that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation on addition/ disposal is calculated pro-rata from the date of such addition/ upto the date of disposal.

Capital work-in-progress includes PPE under construction and not ready for intended use as on the balance sheet date.

vi) Intangible assets

Intangible assets (having a finite useful life) are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over their respective estimated useful life on a straight line method.

Estimated useful life reflects the manner in which the economic benefit is expected to be generated from that individual intangible asset.

The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

The estimated useful lives of the amortisable intangible assets for the current and comparative periods are as follows:

Category	Useful Life
Computer Software	1-5 years
Customer Contracts	1-3 years
Customer Relationships	7-15 years
Refer (ix) below for goodwill	

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vii) Investment Property

Property that is held either for long term rental yield or for capital appreciation or both, but not for sale in ordinary course of the business, use in the production or supply of goods or services or for administrative purposes is classified as investment property. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is provided in the same manner as PPE.

Any gain or loss on disposal of an investment property is recognised in consolidated statement of profit and loss.

viii) Leases

The Group has applied Ind AS 116 with effect from April 1, 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a. Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which are in accordance with the lives mentioned under (iv) above.

b. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of laptops, lease-lines, office furniture and equipment that are considered to be low value. Lease

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payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

ix) Business combination

Business combinations are accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group.

For convenience, an acquisition date may be considered to be at the beginning or end of a month, in which the control is acquired rather than the actual acquisition date, unless events between the 'convenience' date and the actual acquisition date result in material changes in the amounts recognised. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Contingent consideration is remeasured at fair value at each reporting date and any changes in the fair value are recognised in the consolidated statement of profit and loss.

The interest of non-controlling shareholders is initially measured at fair value as on the acquisition date. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

Put option: The holding company has written a put option over the equity instrument of a subsidiary, where the holders (non-controlling interests) of that instrument have the right to put their instrument back to the Group at their fair value on specified dates. The amount that may become payable at each reporting date under the option on exercise is recognised at present value as a written put option financial liability with a corresponding charge directly to equity.

Acquisition costs that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill: Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the cash-generating units (CGU) expected to benefit from the synergies of the combination for the purpose of impairment testing. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Goodwill is tested for impairment annually or earlier, if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, goodwill is allocated to a Cash generating unit (CGU) representing the lowest level within the group at which goodwill is monitored for internal management purposes, and which is not higher than the group operating segment. Goodwill is tested for impairment at least annually or whenever there is an indication that goodwill may be impaired. For goodwill impairment testing, the carrying amount of CGU's (including allocated goodwill) is compared with its recoverable amount by the Group. The recoverable amount of a CGU is the higher of its fair value less cost to sell or its value in use. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the CGU pro rata on the basis of the carrying amount of such assets in CGU.

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x) Impairment of assets

a. Non financial assets

Non financial assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

b. Financial assets

The Group recognise loss allowances using the expected credit loss (ECL) model for financial assets or group of financial assets. Loss allowances for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For contract assets management is following Specific Identification Method given under Ind AS 109. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

xi) Employee Benefits

A. Long Term Employee Benefits

(a) Defined contribution plan

The Group has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance, labour welfare fund and superannuation fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). The Group also makes contributions towards defined contribution plans in respect of its subsidiaries and branches in foreign jurisdictions, as applicable. Under the defined contribution plans, the Group has no further obligation beyond making the contributions. Such contributions are charged to the consolidated statement of profit and loss as incurred.

(b) Defined benefit plan

The Group has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the Group is administered through Life Insurance Corporation of India (LIC) (partially funded). Liability/Asset for defined benefit plans are recognized on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary which is net of the present value of defined obligation and the fair value of the plan assets. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

Actuarial gains or losses are recognized in OCI. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The discount rate used is with reference to market yields on government bonds for a term approximating with the term of related obligation. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising of actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Group has other defined benefit plans, which are not funded, for subsidiaries operating outside India as per respective local laws. The amount of liability in respect of these plans is recognised based on actuarial valuation.

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(c) Other long-term employee benefits

The employees of the Group are also entitled for other long-term benefit in the form of compensated absences as per the policy of the Group. Employees are entitled to accumulate leave balance up to the upper limit as per the Group's policies which can be carried forward perpetually. Leave encashment for employees gets triggered on an annual basis, if the accumulated leave balance exceeds the upper limit of leave. Further, at the time of retirement or death while in employment or on termination of employment leave encashment vests equivalent to salary payable for number of days of accumulated leave balance. Liability for such benefits is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary using projected unit credit method.

B. 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 in the year during which the employee rendered the services. These benefits also include compensated absences such as paid annual leave and performance incentives.

C. Termination benefits

Termination benefits including those in the nature of voluntary retirement benefits or those arising from restructuring, are recognised in the consolidated statement of profit and loss when the Group has a present obligation as a result of past event, when a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

xii) Share based payment

The Group determines the compensation cost based on the fair value method in accordance with Ind AS 102 Share based payment. The Group grants options to its employees which will be vested in a graded manner and are to be exercised within a specified period. The compensation cost is amortised on a graded basis over the vesting period. The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

The amounts recognised in "share options outstanding account" are transferred to share capital and securities premium upon exercise of stock options by employees. Where employee stock options lapse after vesting, an amount equivalent to the cumulative cost for the lapsed option is transferred from 'Shares option outstanding account' to general reserve.

xiii) Provisions, Contingent Liabilities and Contingent assets

Provisions are recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

Contingent asset is not recognised in the Consolidated Financial Statement. However, it is recognised only when an inflow of economic benefits is probable.

xiv) Revenue recognition

The Group derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The Group recognises revenue over time of period of contract, on transferring control of deliverables (products, solutions and services) to its customers in an amount reflecting the consideration to which the Group expects to be entitled. To recognise revenues, Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the

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transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

Group accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Fixed Price contracts related to application development, consulting and other services are single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). Revenue is recognised in accordance with the method prescribed for measuring progress i.e. percentage of completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimates are evaluated at every reporting period and the revisions on account of changes in estimates are recognized prospectively in the period in which the changes are effected. Revenues relating to time and material contracts are recognised as the related services are rendered.

Multiple element arrangements-

In contracts with multiple performance obligations, Group accounts for individual performance obligations separately if they are distinct and allocate the transaction price to each performance obligation based on its relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, Group uses expected cost plus margin approach.

IT support and maintenance-

Contracts related to maintenance and support services are either fixed price or time and material. In these contracts, the performance obligations are satisfied, and revenues are recognised, over time as the services are provided. Revenue from maintenance contracts is recognised ratably over the period of the contract because the Group transfers the control evenly by providing a standard service.

The term of the maintenance contract is usually one year. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognised ratably over the term.

Any modification or change in existing performance obligations is assessed whether the services are added to the existing contract or not. The distinct services are accounted for as a new contract and services which are not distinct are accounted for on a cumulative catch-up basis.

Trade Receivable is primarily comprised of billed and unbilled receivables (i.e. only the passage of time is required before payment is due) for which the Group has an unconditional right to consideration, net of an allowance for doubtful accounts. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are presented separately in the consolidated financial statements and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost to cost method i.e. percentage of completion method (POCM) of revenue recognition. Contract liabilities consist of advance payments and billings in excess of revenues recognised.

The difference between opening and closing balance of the contract assets and liabilities results from the timing differences between the performances obligation and customer payment.

Cost to fulfil the contracts- Recurring operating costs for contracts with customers are recognized as incurred. Non recurring cost and additional cost like sales commission are due for payment only if related revenue is billed, these costs are expensed off in proportion to the revenue recognised during the year.

Revenue recognition excludes any government taxes but includes reimbursement of out of pocket expenses.

Provision of onerous contract are recognised when the expected benefits to be derived by the Group from a contract are lower than

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the unavoidable cost of meeting the future obligation under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Other operating revenue includes revenue arising from Group's ancillary revenue-generating activities. Revenue from these activities are recorded only when Group is reasonably certain of such income.

xv) Income tax

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting base and the taxable base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Though the Group has considered all these issues in estimating its income taxes, there could be an unfavourable resolution of such issues that may affect results of the Group's operations.

Deferred income tax (including asset for Minimum Alternative Tax (MAT) credit) is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the respective standalone financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset (including Minimum Alternative Tax (MAT) credit) is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognised for all taxable temporary differences.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

xvi) Other Income

Other income comprises interest income on bank deposits, research and development credits, dividend income and gains / (losses) on disposal of investments except investments fair value through OCI, property plant and equipment, investment property etc. Interest income is recognised using the effective interest method. Dividend income is recognized when the right to receive payment is established.

xvii) Finance / Borrowing costs

Finance costs comprises interest cost on borrowings, losses arising on re-measurement of financial assets at FVTPL, losses on translation or settlement of foreign currency borrowings and changes in fair value and losses on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the consolidated statement of profit and loss using the effective interest method.

xviii) Government grants

Grants/ assistance from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants related to income (revenue in nature) are presented as part of the profit or loss as deduction while reporting the related expense.

xix) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders of the

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Group by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity Shareholders of the Group and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

xx) Cash and cash equivalent

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less, excluding bank overdraft.

xxi) Restructuring provision

On an ongoing basis, management assesses the profitability of a business and possibly may decide to restructure the operations of such businesses.

Severance liabilities as a result of reduction in work force are recognised when they are determined to be probable and estimable and create a constructive obligation about the execution of plan. Other liabilities for costs associated with restructuring activity are recognised when the liability is incurred, instead of upon commitment of plan.

Significant assumptions are used in determining the amount of the estimated liability for restructuring. If the assumptions regarding early termination and the timing prove to be inaccurate, Group may be required to record additional losses, or conversely, a future gain.

xxii) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

xxiii) Equity shares

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xxiv) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

xxv) Events after the reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Where the events are indicative of conditions that arose after the reporting period, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

xxvi) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in other comprehensive income and accumulated under cash flow hedge reserve. The Company classifies its forward contract that hedge foreign currency risk associated as cash flow hedge and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit and loss and is included in the 'other expense / other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated statement of profit and loss in the periods when the hedged item affects the consolidated statement of profit and loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a

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hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs and when the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity are immediately reclassified to consolidated statement of profit and loss within other income.

f. Details of investments in subsidiary companies in accordance with Ind AS 27

Name of subsidiary	Principal place of business and country of incorporation	% ownership interest held as at 31 March 2023	% ownership interest held as at 31 March 2022
Mastek Enterprise Solutions Private Limited (Formerly known as Trans American Information System Private Limited)	India	90%	80%
Mastek (UK) Limited	UK	100%	100%
Mastek Inc.	USA	100%	100%
Trans American Information Systems Inc.	USA	100%	100%
Mastek Digital Inc.	Canada	100%	100%
Mastek Arabia - FZ LLC	Dubai	100%	100%
Evolutionary Systems Consultancy LLC*	Abu Dhabi	49%	49%
Mastek Systems Pty Ltd (Formerly known as Evolutionary Systems Pty Ltd)	Australia	100%	100%
Evolutionary Systems Bahrain SPC	Bahrain	100%	100%
Evolutionary Systems Egypt LLC	Egypt	100%	100%
Evosys Kuwait WLLC*	Kuwait	49%	49%
Evosys Consultancy Services Malaysia	Malaysia	100%	100%
Newbury Cloud, Inc.	USA	100%	100%
Evolutionary Systems BV	Netherlands	100%	100%
Evolutionary Systems Qatar WLL*	Qatar	49%	49%
Evolutionary Systems Saudi LLC	Saudi	100%	100%
Evolutionary Systems (Singapore) PTE. LTD.	Singapore	100%	100%
Evolutionary Systems Company Limited (UK)	UK	100%	100%
Evolutionary Systems Corp.	USA	100%	100%
Evolutionary Systems Canada Limited	Canada	100%	100%
Meta Soft Tech Systems Private Limited	India	100%	NA
Metasoftech Solutions LLC	USA	100%	NA

* Represents legal ownership as per the local laws of respective country. However, Holding Company through its subsidiaries, is holding 100% of the beneficial interest in these entities.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its consolidated financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its consolidated financial statements

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

For current year ended March 31, 2023

3(a)(i) Property, plant and equipment

Particulars	Gross Value (at cost)						Depreciation/ Amortisation					Net Value	
	As at April 1, 2022	Additions on business acquisition (refer note 34(b))	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at April 1, 2022	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
a. Own assets :													
Buildings	5,054	-	326	1	-	5,381	2,465	206	1	-	2,672	2,709	2,589
Computers	6,161	114	1,117	58	(383)	7,067	4,111	1,699	52	(378)	5,484	1,583	2,050
Plant and equipment	2,242	-	225	3	(10)	2,460	2,166	68	2	(10)	2,226	234	76
Furniture and fixtures	4,862	63	109	13	(27)	5,020	4,693	107	12	(27)	4,785	235	169
Vehicles	808	5	95	6	(37)	877	451	133	6	(37)	553	324	357
Office equipment	2,162	-	86	5	(33)	2,220	1,890	160	5	(31)	2,024	196	272
Total (A)	**21,289**	**182**	**1,958**	**86**	**(490)**	**23,025**	**15,776**	**2,373**	**78**	**(483)**	**17,744**	**5,281**	**5,513**
b. Leased assets :													
Leasehold land	386	-	-	-	-	386	319	4	-	-	323	63	67
Leasehold improvements	474	7	595	7	-	1,083	423	76	7	-	506	577	51
Vehicles	98	-	-	-	(17)	81	82	5	-	(17)	70	11	16
Total (B)	**958**	**7**	**595**	**7**	**(17)**	**1,550**	**824**	**85**	**7**	**(17)**	**899**	**651**	**134**
Total (A + B)	**22,247**	**189**	**2,553**	**93**	**(507)**	**24,575**	**16,600**	**2,458**	**85**	**(500)**	**18,643**	**5,932**	**5,647**

3(a)(ii) Other intangible assets

Particulars	Gross Value (at cost)						Amortisation					Net Value	
	As at April 1, 2022	Additions on business acquisition (refer note 34(b))	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at April 1, 2022	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer softwares	1,634	-	90	13	-	1,737	1,350	300	14	-	1,664	73	284
Customer contracts	1,610	2,623	-	169	-	4,402	1,513	1,364	105	-	2,982	1,420	97
Customer relationships	10,027	8,425	-	717	-	19,169	3,304	1,805	176	-	5,285	13,884	6,723
Total	**13,271**	**11,048**	**90**	**899**	**-**	**25,308**	**6,167**	**3,469**	**295**	**-**	**9,931**	**15,377**	**7,104**

3(b) Right-of-use assets

Particulars	Gross Value (at cost)						Depreciation					Net Value	
	As at April 1, 2022	Additions on business acquisition (refer note 34(b))	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at April 1, 2022	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Building	3,234	1,370	1,129	218	-	5,951	2,097	792	104	-	2,993	2,958	1,137
Total	**3,234**	**1,370**	**1,129**	**218**	**-**	**5,951**	**2,097**	**792**	**104**	**-**	**2,993**	**2,958**	**1,137**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

For previous year ended March 31, 2022

3(a)(i) Property, plant and equipment

Particulars	Gross Value (at cost)						Depreciation/ Amortisation					Net Value	
	As at April 1, 2021	Additions on business acquisition	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at April 1, 2021	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
a. Own assets :													
Buildings	5,049	-	5	-	-	5,054	2,265	200	-	-	2,465	2,589	2,784
Computers	3,999	-	2,470	(14)	(294)	6,161	3,282	1,110	4	(285)	4,111	2,050	717
Plant and equipment	2,250	-	-	(1)	(7)	2,242	2,099	75	(2)	(6)	2,166	76	151
Furniture and fixtures	4,908	-	3	-	(49)	4,862	4,616	124	(1)	(46)	4,693	169	292
Vehicles	545	-	268	3	(8)	808	336	121	2	(8)	451	357	209
Office equipment	2,169	-	34	2	(43)	2,162	1,733	189	1	(33)	1,890	272	436
Total (A)	**18,920**	**-**	**2,780**	**(10)**	**(401)**	**21,289**	**14,331**	**1,819**	**4**	**(378)**	**15,776**	**5,513**	**4,589**
b. Leased assets :													
Leasehold land	386	-	-	-	-	386	315	4	-	-	319	67	71
Leasehold improvements	474	-	-	-	-	474	395	28	-	-	423	51	79
Vehicles	113	-	-	-	(15)	98	90	7	-	(15)	82	16	23
Total (B)	**973**	**-**	**-**	**-**	**(15)**	**958**	**800**	**39**	**-**	**(15)**	**824**	**134**	**173**
Total (A + B)	**19,893**	**-**	**2,780**	**(10)**	**(416)**	**22,247**	**15,131**	**1,858**	**4**	**(393)**	**16,600**	**5,647**	**4,762**

3(a)(ii) Other intangible assets

Particulars	Gross Value (at cost)						Amortisation					Net Value	
	As at April 1, 2021	Additions on business acquisition	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at April 1, 2021	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer softwares	1,166	-	448	25	(5)	1,634	899	457	(1)	(5)	1,350	284	267
Customer contracts	1,576	-	-	34	-	1,610	1,372	110	31	-	1,513	97	203
Customer relationships	9,865	-	-	162	-	10,027	2,023	1,227	54	-	3,304	6,723	7,843
Total	**12,607**	**-**	**448**	**221**	**(5)**	**13,271**	**4,294**	**1,794**	**84**	**(5)**	**6,167**	**7,104**	**8,313**

3(b) Right-of-use assets

Particulars	Gross Value (at cost)						Depreciation					Net Value	
	As at April 1, 2021	Additions on business acquisition	Other Additions	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at April 1, 2021	For the year	Foreign Exchange Translation Adjustments	Disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	2,699	-	581	21	(67)	3,234	1,556	599	9	(67)	2,097	1,137	1,143
Total	**2,699**	**-**	**581**	**21**	**(67)**	**3,234**	**1,556**	**599**	**9**	**(67)**	**2,097**	**1,137**	**1,143**

Notes:

(i) Refer note 11 and 13 for information on vehicles provided as collateral or security for borrowings or finance facilities availed by the Company.

(ii) Refer note 35 for capital commitments.

(iii) For the year ended March 31, 2023 and year ended March 31, 2022, Building (Own assets) includes Chennai property mortgaged as security for loan availed by subsidiary. The net carrying value of the property is ₹ 829 lakhs (March 31, 2022: ₹ 883 lakhs)

(iv) All the title deeds of the immovable properties are held in the name of the Company

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

3(c). Goodwill

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying value at the beginning	69,801	66,012
Evosys - Goodwill (Refer footnote (i) below)	-	2,064
MST - Goodwill (Refer note 34 (b))	73,108	-
Translation differences including Adjustments	6,849	1,725
Carrying value at the end	**1,49,758**	**69,801**

Impairment

i) Goodwill having a carrying value of ₹149,758 lakhs (March 31, 2022: ₹69,801 Lakhs) includes Goodwill of ₹11,478 lakhs (March 31, 2022: ₹10,632 Lakhs) on TAISTech US Group which has been allocated to the Mastek US business (CGU), ₹ 62,741 lakhs (March 31, 2022: ₹ 59,169 Lakhs) which has been allocated to the Evosys business (CGU) and ₹ 75,539 lakhs (March 31, 2022: Nil) which has been allocated to the MST business (CGU). In the previous year, the goodwill relating to the Evosys CGU has been adjusted with ₹2,064 lakhs being the adjustments on account of contractual obligations relating to Evosys acquisition (refer note 34(a)), reconciled and identified during the previous year. The recoverable amount has been determined using value in use. The estimated value-in-use of all the CGU, is based on the present value of the future cash flows using a growth rate of 2.5% p.a. 5% p.a. and 2.5% p.a. (March 31, 2022: 2.5% p.a. and 5% p.a.) respectively, annual growth rate for periods subsequent to the forecast period of 5 years (March 31, 2022: 4 years) and discount rate of 16.5% p.a. 16.5% p.a. and 16.5% p.a. (March 31, 2022: 15% p.a. and 16% p.a.) respectively. The growth rate used is in line with the long term average growth rate for the industry in which Group operates. An analysis of the sensitivity of the computation to a change in key parameters (Growth rate and discount rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Management has determined the value assigned to each of the key assumptions as follows:

Assumption	Approach used to determine value
Sales volume	Annual average growth rate over the five-year forecast period; based on past performance and management's expectation of market development.
Sales price	Average annual growth rate over the five-year forecasted period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectation for the future.
Other operating cost	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.
Annual capital expenditure	This is based on the planned refurbishment expenditure.

Non-current assets

3(d). Capital work-in-progress (CWIP)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress	666	435
	666	**435**
Balance as at the beginning of the year	435	154
Addition during the year	542	363
Less: Capitalised during the year	(311)	(82)
Balances at the end of the year	**666**	**435**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

CWIP ageing schedule

As at March 31, 2023

Particulars		Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i	Projects in progress	541	43	-	-	584
ii	Projects temporarily suspended*	-	-	-	82	82
	Total	**541**	**43**	**-**	**82**	**666**

As at March 31, 2022

Particulars		Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i	Projects in progress	327	18	8	-	353
ii	Projects temporarily suspended*	-	-	-	82	82
	Total	**327**	**18**	**8**	**82**	**435**

*Represents approval cost incurred for obtaining permission for construction of additional area at the Company's Mahape, MIDC Mumbai property, which will be utilised on need basis in the future.

There is no capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2023 and 31 March 2022.

3(e) Investment properties

Particulars		As at March 31, 2023	As at March 31, 2022
(A)	**Investment properties (at cost less accumulated depreciation)**		
	Gross value		
	Opening	1,136	1,136
	Additions	-	-
	Disposal	(1,134)	-
	Closing	**2**	**1,136**
	Accumulated depreciation		
	Opening	722	686
	Depreciation for the year	18	36
	Disposal	(738)	-
	Closing	**2**	**722**
	net value	**-**	**414**
(B)	**Fair value of investment properties by an independent valuer**		
(i)	Fair value of investment properties	-	5,161
(ii)	Valuation method used by the independent valuer	-	Sale Comparison Method
	The amounts recognised in the Consolidated statement of profit and loss account for:		
(i)	rental income from investment properties	227	287
(ii)	direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period; and	-	44
(iii)	direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the period.	-	-
	Depreciation Method used	SLM	SLM
	Useful lives or depreciation rates used	28 years	28 years

Notes:

i) Valuation for Prabhadevi, Mumbai property is not carried out since the rental and carrying value are not significant and the same is not mortgaged as security. The said property is let out for generating rental income.

ii) For the previous year ended March 31, 2022, Investment properties included Pune property mortgaged as security for loan availed by subsidiary. The valuation was based on valuations performed by Muzoomdar Associates Private Limited, an accredited independent valuer.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Muzoomdar Associates Private Limited, is a specialist in valuing these types of investment properties and is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. A valuation approach in accordance with the Indian Accounting Standards was applied. The aforementioned property was sold in September 29, 2022.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment property	Valuation technique	Significant unobservable Inputs	Range
B1/B2, 2nd Floor, Kumar Cerebrum, Kalyani Nagar, Pune	Sale Comparison Method	Market rate in this building per sq. ft. of built up area	₹ 10,000 to ₹ 11,500 (₹ 11,000)

The direct comparison approach involves a comparison of the subject property to similar properties that have actually sold at arms – length transactions or are offered for sale. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. Statute and case laws define a market value standard for assessment. In assessment litigation, under the “rules of evidence” a bona fide sale of the subject property is usually considered the best evidence of market value. In the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. Consequently, the comparative sale approach is the preferred approach when sales data are available. The comparative sale approach models the behaviour of the market by comparing the properties being appraised with similar properties that have recently sold (comparable properties) or for which offers to purchase have been made. Comparable properties are selected for similarity to the subject property by way of attributes, such as the age, size, quality of construction, building features, condition, design, gentry, etc. Their sale prices are then adjusted for their difference from the subject. Finally a market value for the subject is estimated from the adjusted sales price of the comparable properties. The economic principles of supply and demand provide a framework for understanding how the market works. The interaction of supply and demand factors determines property value.

4 Financial assets

	As at March 31, 2023	As at March 31, 2022
a) Investments		
(A) Investment in share warrant at FVOCI fully paid (unquoted):		
Investment in Volteo Edge, LLC*	1,241	-
	1,241	**-**
(B) Investment in mutual funds (unquoted):		
HDFC Short Term Debt Fund - Regular Plan - Growth	-	402
(Nil units, March 31, 2022 - 1,563,507 units)		
IDFC Low Duration Fund - Growth	-	623
(Nil units, March 31, 2022 - 1,987,665 units)		
	-	**1,025**
(C) Investment in bonds at amortised cost (unquoted):		
8.50% Bond with State Bank of India	53	52
	53	**52**
Aggregate carrying value of quoted investments	-	-
Aggregate carrying value of unquoted investments (A+B+C)	**1,294**	**1,077**
Aggregate amount of impairment in value of investments	-	-

* On December 16, 2022, Mastek Inc., a wholly-owned first level step-down subsidiary of Mastek Limited, made a Simple Agreement for Future Equity (“SAFE”) note investment in VolteoEdge, an Edge Intelligence Company in the Connected Enterprise Space (“VolteoEdge”) which will be converted into an equity stake (of approximately 5%) in series A round with a pre-determined valuation cap. VolteoEdge in collaboration with Intel and ServiceNow, delivers Edge-as-a-Service or Edge-to-Service (E2S) to its customers across Manufacturing, Oil & Gas, Healthcare, Retail, and Infrastructure industries. The purchase consideration includes upfront payment of USD 1.50 million (approximately ₹ 1,241 lakhs). Hence the information regarding number of warrants, face value and fair value as on reporting date is not available.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Particulars		As at March 31, 2023	As at March 31, 2022
b)	Other financial assets		
	Advances to employees	41	36
	Security deposits	228	221
	Margin money deposit*	1,921	2,854
	Foreign exchange forward contract	364	1,045
	Bank deposits have remaining maturity of more than twelve months	576	8
		3,130	**4,164**

*Note: Margin money is towards bid bonds and performance guarantee

5 Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	-	14
Advances other than capital advance		
Prepaid expenses	51	43
Security deposits	96	96
	147	**153**

Current assets

6 Financial assets

a) Investments

Particulars		As at March 31, 2023		As at March 31, 2022	
		Units	Amount	Units	Amount
(i)	Investment in mutual funds				
	Investment in mutual funds at FVTPL (unquoted):				
	Aditya Birla Sun Life Liquid Fund - Regular - Growth	1,50,035	540	-	-
	ICICI Prudential Liquid Fund - Regular - Growth	3,53,153	1,168	-	-
	ICICI Prudential Overnight Fund - Regular Plan - Growth	35,726	430	-	-
	HDFC Liquid Fund - Regular Plan - Growth	13,897	609	-	-
	HDFC Overnight Fund - Regular Plan - Growth	12,177	402	-	-
	SBI Liquid Fund - Regular Plan - Growth	17,427	609	-	-
	Kotak Liquid - Regular Plan - Growth	32,467	1,467	-	-
	Kotak Overnight Fund - Regular plan - Growth	29,533	352	-	-
	Total (A)		**5,577**		**-**
	Investment in mutual funds at FVOCI (unquoted):				
	Kotak Corporate Bond Fund Standard Growth (Regular Plan)	-	-	19,81,675	844
	Kotak Savings Fund-Growth	-	-	2,93,604	102
	HDFC Corporate Bond Fund - Regular Plan - Growth	-	-	18,59,914	486
	Total (B)		**-**		**1,432**
	Total (A+B)		**5,577**		**1,432**

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Particulars		As at March 31, 2023		As at March 31, 2022	
		Units	Amount	Units	Amount
ii)	**Investment in bonds at cost (unquoted):**		-		-
	10.90% Bond with Punjab & Sind Bank		-		56
	Total (C)		**-**		**56**
	Aggregate amount of quoted investments		-		-
	Aggregate amount of unquoted investments in mutual funds (A+B)		5,577		1,432
	Aggregate amount of unquoted investment in bonds at cost (C)		-		56
	Aggregate amount of impairment in value of investments		-		-
	Grand Total		**5,577**		**1,488**

Refer note 30 for information on market risk.

b. Trade receivables (unsecured)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables, considered good - unsecured	50,663	43,557
Trade receivables - credit impaired	6,599	3,977
Less: Allowance for bad and doubtful debts	(6,599)	(3,977)
	50,663	**43,557**

Ageing Schedule as at 31 March, 2023

Particulars	Outstanding for following periods from due date of transactions						Total
	Current but not due	Less than 6 Months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 Year	
i. Undisputed Trade Receivables - Considered Good	21,167	16,189	21	-	1	-	37,378
ii. Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii. Undisputed Trade receivable - credit impaired	-	279	1,036	258	224	433	2,230
iv. Disputed Trade receivables - considered good	-	-	-	-	-	70	70
v. Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed Trade receivables - credit impaired	-	-	1,352	1,106	536	1,375	4,369
Total	**21,167**	**16,468**	**2,409**	**1,364**	**761**	**1,878**	**44,047**
Add: Unbilled trade receivables (undisputed)							13,215
Less: Allowance for doubtful trade receivables							(6,599)
							50,663

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Ageing Schedule as at 31 March, 2022

Particulars	Outstanding for following periods from due date of transactions						Total
	Current but not due	Less than 6 Months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 Year	
i. Undisputed Trade Receivables - Considered Good	21,731	9,250	-	-	-	-	30,981
ii. Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii. Undisputed Trade receivable - credit impaired	-	-	941	988	716	447	3,092
iv. Disputed Trade receivables - considered good	-	-	-	-	36	34	70
v. Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed Trade receivables - credit impaired	-	-	-	4	683	198	885
Total	**21,731**	**9,250**	**941**	**992**	**1,435**	**679**	**35,028**
Add: Unbilled trade receivables (undisputed)							12,506
Less: Allowance for doubtful trade receivables							(3,977)
							43,557

Notes:

i) Group has a history of collecting all receivables in the age group of less than 6 month. Management has evaluated allowance for bad and doubtful debts on receivables having age of more 6 months, which have significant increase in credit risk or are credit impaired. Accordingly, all trade receivables outstanding more than 6 months have been fully provided, except immaterial balances considered recoverable on specific basis.

ii) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivables are due from firm or private companies respectively in which director is partner, a director or a member. Trade receivables are non-interest bearing.

iii) Refer note 30 for information on credit risk and market risk.

iv) Refer note 11 and 13 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

c. Cash and cash equivalents and other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
c. (i). Cash and cash equivalents		
Cash on hand	22	23
Bank balances		
In current accounts	14,388	55,566
In deposit accounts	6,354	17,069
	20,764	**72,658**
c. (ii). Bank balances, other than cash and cash equivalents		
Bank balances in unclaimed dividend account	51	48
Bank balance in deposit accounts	28	3,987
Total	**79**	**4,035**

Notes:

i) Refer note 30 for information on credit risk and market risk.

ii) Refer note 11 and 13 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

iii) There are no repatriation restrictions with regards to cash and cash equivalents.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

d. Other financial assets - Current

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to employees	204	155
Interest accrued on bank deposits	5	132
Security deposit	355	308
Margin money deposits*	2	18
Rent receivables	2	6
Reimbursable expenses receivable	14	3
Foreign exchange forward contract	596	737
Bank deposits have remaining maturity of less than twelve months	7	-
Others	24	22
Total	**1,209**	**1,381**

*Margin money is towards bid bonds and performance guarantee

Notes:

(i) Refer note 30 for information on credit risk and market risk.

ii) Refer note 11 and 13 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

7 Contract assets

Particulars	As at March 31, 2023	As at March 31, 2022
Contract assets (refer note 16)	35,080	20,181
	35,080	**20,181**

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and considered good	35,080	20,181
Unsecured and considered doubtful	-	-
	35,080	**20,181**

8 Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advances other than capital advance		
Prepaid expenses	1,281	1,379
Input tax credit	2,856	2,262
Advances to suppliers	2,532	1,082
Interest accrued on income tax refunds	185	185
Research and development credit	3,794	3,116
Others	-	189
	10,648	**8,213**

Note:

i) Refer note 11 and 13 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

ii Others during the year is Nil (March 31,2022 ₹ 189 lakhs) mainly consists of accrued rent for Pune property.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

9 Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised:		
40,000,000 (March 31, 2022: 40,000,000) equity shares of ₹ 5 each	2,000	2,000
2,000,000 (March 31, 2022: 2,000,000) preference shares of ₹ 100 each	2,000	2,000
	4,000	**4,000**
Issued, subscribed and fully paid up :		
30,524,827 (March 31, 2022 : 30,018,021) equity shares of ₹ 5 each fully paid	1,526	1,501
	1,526	**1,501**

a) Reconciliation of the number of equity shares outstanding at the beginning and end of the year are as given below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Balance as at the beginning of the year	30,018,021	1,501	25,232,889	1,262
Add: Shares issued on exercise of stock options	186,054	9	295,083	14
Add: Issue of share capital on account of demerger of the business of ESPL (Refer note 34)	-	-	4,235,294	212
Add: Issue of share for acquisition of non controlling interest of Mastek Enterprises Solutions Private Limited (Formerly known as Trans American Information Systems Private Limited) (Refer note 34)	320,752	16	254,755	13
Balance as at the end of the year	**30,524,827**	**1,526**	**30,018,021**	**1,501**

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of fully paid up equity shares held by the shareholders.

(c) Details of shares held by Promoters in the Company

Shares held by promoters at the end of the year	As at March 31, 2023		As at March 31, 2022		% change during the year*#
	No. of shares	% of holding	No. of shares	% of holding	
Ashank Desai	3,384,167	11.1%	3,363,328	11.2%	0.6%
Ketan Mehta	2,274,100	7.5%	2,274,100	7.6%	0.0%
Girija Ram	1,753,280	5.7%	1,753,280	5.8%	0.0%
Radhakrishnan Sundar	1,340,800	4.4%	1,340,800	4.5%	0.0%

* Change during the year is determined based on number of shares acquired / sold during the year. The % of holding has undergone change mainly due to additional shares issued during the year.

% change during the year ended March 31, 2022 - Ashank Desai 1.0% , Ketan Mehta 0.0%, Girija Ram 0.0% and Radhakrishnan Sundar 0.0%.

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Shares held by promoters at the end of the year	As at March 31, 2023		As at March 31, 2022		% change during the year*
	No. of shares	% of holding	No. of shares	% of holding	
Ashank Desai	3,384,167	11.1%	3,363,328	11.2%	0.6%
Ketan Mehta	2,274,100	7.5%	2,274,100	7.6%	0.0%
Girija Ram	1,753,280	5.7%	1,753,280	5.8%	0.0%
Umang Tejkaran Nahata	1,655,840	5.4%	1,611,668	5.4%	2.7%
Smallcap World Fund, INC	2,403,500	7.9%	-	-	100.0%

* Change during the year is determined based on number of shares acquired / sold during the year. The % of holding has undergone change mainly due to additional shares issued during the year and bought from market by shareholders.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

(e) Shares reserved for issue under options

Particulars	As at March 31, 2023	As at March 31, 2022
Number of shares to be issued under the employee stock option plans (Refer note 32)	5,09,883	7,13,804
	5,09,883	**7,13,804**

Year of conversion of convertible securities

Particulars	Year of conversion	Number of events of conversion during the year
Plan VI	2026-27	1
	2025-26	1
	2024-25	2
	2023-24	4
Plan VII	2031-32	4
	2030-31	6
	2029-30	8
	2028-29	10
	2027-28	8
	2026-27	7
	2025-26	6
	2024-25	4
	2023-24	5

Includes both vested as well as unvested options and year of conversion represents last date of exercise under ESOP scheme. However, vested options can be exercised on or before the last exercise date for each tranche.

(f) Shares issued for consideration other than cash (during last 5 years)

	As at March 31, 2023	As at March 31, 2022
Number of shares issued for acquisition of ESPL (Refer note 34(a))	48,10,801	44,90,049
	48,10,801	**44,90,049**

(g) Aggregate no. of shares allotted as fully paid up by way of bonus share issued or buy back

The Company has neither issued bonus shares nor there has been any buy back of shares during five years immediately preceding March 31, 2023.

9.1 Other Instruments - Step down subsidiary:

0.001% Compulsory Convertible Preference Shares (‘CCPS’) issued by Mastek Enterprise Solutions Private Limited (‘MESPL’) (formerly known as Trans American Information Systems Private Limited)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,00,000	1	-	-
Add: CCPS issued during the year (Face Value ₹ 10 each)	-	-	15,000	2
CCPS Split- from face value of ₹ 10 to ₹ 1	-	-	1,50,000	2
CCPS bought out during the year	(50,000)	(0)	(50,000)	(1)
Balance as at the end of the year (Face Value ₹ 1 each)	**50,000**	**(0)**	**1,00,000**	**1**

Pursuant to the approved Scheme of Arrangement by NCLT (also refer Note 34), on September 14, 2021, the MESPL Board of Directors allotted 15,000 CCPS of ₹ 10 each fully paid up on November 12, 2021, to the erstwhile shareholders of the acquired entity. Further MESPL, at the request of the CCPS holders, sub-divided the CCPS face value from ₹ 10 to ₹ 1 each, in terms of the approval given by the Equity Shareholders through the Extra-Ordinary General Meeting held on November 12, 2021. This resulted in the increase in number of CCPS to 150,000. Mastek Limited bought out the second tranche of 50,000 CCPS (March 31, 2022 first tranche of 50,000 CCPS)(refer note 10.1) during the year from the CCPS holders (in terms of the Share Holders Agreement dated February 8, 2020 - also refer Note 34) during the year.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

10 Other equity

	Particulars	As at March 31, 2023	As at March 31, 2022
a)	**Capital reserve**	21	21
	Any profit or loss on purchase, sale, issue or cancellation of the company's own equity instrument is transferred to capital reserve		
b)	**Capital redemption reserve**	1,539	1,539
	Non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares		
c)	**Securities premium**	39,450	32,951
	Amount received (on issue of shares) in excess of the face value has been classified as securities premium		
d)	**Share options outstanding account (net of taxes)**	1,524	2,603
	The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.		
e)	**General reserve**	384	362
	This represents appropriation of profit by the company		
f)	**Retained earnings**	1,71,196	1,39,592
	Retained earnings comprises of the prior year's undistributed earning/(losses) after taxes increased/ (decreased) by undistributed profits/(losses) for the year		
g)	**Foreign currency translation reserve**	5,844	(688)
	Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in OCI and accumulated in the foreign currency translation reserve		
h)	**Other items of OCI**	1,287	1,620
	Other items of OCI consist of FVOCI financial assets and financial liabilities and remeasurement of defined benefit assets and liability		
i)	**Put option written on Non-Controlling Interest (Refer note 34(a))**	(54,430)	(72,365)
	Represents put option written by the Holding Company on Non-Controlling Interest in MESPL pursuant to Demerger Co-operation Agreement (DCA) and Shareholders Agreement		
	Other equity	**1,66,815**	**1,05,635**
j)	**Non-Controlling Interest (Refer note 10.1)**	9,110	15,034
		1,75,925	**1,20,669**

10.1 Reconciliation / movement of balances in Non-controlling Interest

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	15,034	18,203
Acquisition of proportionate preference share*	(4,425)	(4,426)
Share in profit for the year	1,726	3,829
Profit for the year transferred to retained earnings on account of acquisition of non-controlling interest	(3,619)	(2,527)
Share in OCI	39	18
OCI transferred on account of acquisition of non-controlling interest	355	(63)
	9,110	**15,034**

* 50,000 CCPS allotted by MESPL and bought back by Mastek Limited during the year. Further, difference between consideration paid to non-controlling shareholders and carrying value of the interest in MESPL has been recognised in retained earnings within equity.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

10.2 Distributions made and proposed

The Board of Directors at its meeting held on January 17, 2023 had declared an interim dividend of 140% (₹ 7 per equity share of par value of ₹ 5 each). This has resulted in cash outflow of ₹ 2,129 lakhs. Further, the Board of Directors at its meeting held on April 19, 2023 has recommended a final dividend of 240% (₹ 12 per equity share of par value of ₹ 5 each), which is subjected to approval by the shareholders at their ensuing Annual General Meeting. Proposed dividend on equity shares is not recognised as a liability as at March 31, 2023. Dividend declared by the Company are based on profit available for distribution.

Non-current Liabilities

11 Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
a. Borrowings		
Secured		
Term loan from Citi bank NA US Loan (Refer note (a) below)	21,570	-
Term loan from Standard Chartered bank (Refer note (b) below)	-	1,864
Term loan from Citi bank NA (Refer note (c) below)	5,082	9,946
Vehicle loans from bank (Refer note (d) below)	252	270
	26,904	**12,080**

Nature of security			Terms of repayment
(a)	(i)	Secured by corporate guarantee of USD 32 million given by the Company.	Payment in eight equal half yearly instalments of USD 3,750,000 over a period of five years starting after the end of March 2024 along with interest at Secured overnight financing rate (SOFR) + 190 basis points Rate of interest @ 3.8 % - 6.1 % p.a. as at year end (March 31, 2022 : NA % p.a.)
	(ii)	Secured by mortgage of Mahape property : A-7, Sector-I, Mastek Millennium Centre, Millennium Business park 2, TTC Industrial Area, Shil Phata-Mahape Road, Mahape, Navi Mumbai-400710	
(b)	(i)	Secured by floating charges on Receivables of Mastek (UK) Ltd and their proceeds.	Payment in eight equal half yearly instalments of GBP 937,500 over a period of five years starting after the end of 18 months from the date of disbursement of loan i.e. October 2018 along with interest at 6 months Sterling Overnight Index Average (SONIA) + 150 basis points Rate of interest @ 2.3% p.a. as at year end (March 31, 2022 : 1.74 % p.a.)
	(ii)	Secured by corporate guarantee of GBP 6.56 million given by the Company.	
(c)	(i)	Secured by floating charges on Receivables of Mastek (UK) Ltd and their proceeds	Payment in eight equal half yearly instalments of GBP 2,500,000 over a period of five years starting after the end of 18 months from the date of disbursement of loan i.e. March 2020 along with interest at 1 month SONIA + 190 basis points Rate of interest @ 2.8% - 5.6% p.a. as at year end (March 31, 2022 : 0.9% - 1.44 % p.a.)
	(ii)	Secured by mortgage of Chennai property of Mastek Limited	
	(iii)	Secured by corporate guarantee of GBP 28 million given by the Company.	
(d)		Loans from bank are secured by hypothecation of assets (Vehicles) purchased there against.	Monthly payment of Equated monthly instalments beginning from the month subsequent to taking the loan along with interest at 6.6% - 9.35% per annum is payable till March 2028.
(e)		Refer note 30 for liquidity risk and market risk.	
(f)		There was no default in repayment of borrowings and interest during current and previous year.	
(g)		Cash flow changes in liabilities arising from financing activities are given in the table below.	

Cash flows arising from financing activities

Particulars	Lease liabilities	Borrowings
As at April 1, 2021	**1,283**	**26,022**
Non cash movement: additions to lease liabilities	655	-
Cash flows (net) including foreign exchange	(693)	(7,092)
Foreign Exchange Translation Adjustments	12	96
As at March 31, 2022	**1,257**	**19,026**
Non cash movement: additions to lease liabilities	2,725	-
Cash flows (net) including foreign exchange	(833)	17,416
Foreign Exchange Translation Adjustments	107	636
As at March 31, 2023	**3,256**	**37,078**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

b. Lease liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 33)	2,249	804
	2,249	**804**

c. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Security and other deposits	37	162
Put option written on Non-Controlling Interest (Refer note 34)	-	23,555
Contingent Consideration payable (Refer note 34)	27,580	-
	27,617	**23,717**

Refer note 30 for liquidity risk and market risk.

12 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for gratuity (Refer note 24(a))	2,586	1,929
Provision for other defined benefits (Refer note 24(b))	771	791
	3,357	**2,720**

Current liabilities

13. Financial liabilities

a. Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured:		
Current maturities of loan from Citi bank NA US Loan (Refer note 11 (a) above, for security)	3,081	-
Current maturities of long-term loan from Standard Chartered bank (Refer note 11 (b) above, for security)	1,906	1,865
Current maturities of loan from Citi bank NA (Refer note 11 (c) above, for security)	5,083	4,973
Current maturities of vehicle loans from bank (Secured) (Refer note 11 (d) above, for security)	104	108
	10,174	**6,946**

Notes:

(i) The Company has, during the year ended March 31, 2023, availed/renewed certain working capital facility from banks against which the security has been created on current asset specified by the bankers. The Company has not utilised the facility and hence, no amount is outstanding against the same as at March 31, 2023 (March 31, 2022 - ₹ Nil). The said working capital facility remains unutilised/ undrawn, thus the Company is not required to file any quarterly return or statement with such banks.

(ii) Refer note 30 for liquidity risk and market risk.

b. Lease liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 33)	1,007	453
	1,007	**453**

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

c. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues to creditors	2,586	3,327
Accrued expenses	15,708	15,391
	18,294	**18,718**

Ageing Schedule as at March 31, 2023

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. Total outstanding dues of creditors	2,164	377	8	26	2,575
ii. Disputed dues of creditors	-	-	11	-	11
Total	**2,164**	**377**	**19**	**26**	**2,586**
Accrued expenses (undisputed and related to creditors other than MSME)					**15,708**
Grand Total					**18,294**

Ageing Schedule as at March 31, 2022

Particulars	Outstanding for following periods from date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. Total outstanding dues of creditors	3,210	28	-	78	3,316
ii. Disputed dues of creditors	-	11	-	-	11
Total	**3,210**	**39**	**-**	**78**	**3,327**
Accrued expenses (undisputed and related to creditors other than MSME)					**15,391**
Grand Total					**18,718**

d. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued	89	39
Current portion of put option written on Non-Controlling Interest (Refer note 34)	12,547	25,851
Unclaimed dividends (Refer note (i) below)	52	52
Security and other deposits	-	9
Capital creditors	78	720
Other payables		
Employee benefits payable	7,644	9,809
	20,410	**36,480**

Notes:

(i) There is no amount due for payment to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at March 31, 2023 and March 31, 2022.

(ii) Refer note 30 for liquidity risk and market risk.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

14 Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Other advances		
Advances received from customers	98	40
Deferred rent	-	27
Others		
Statutory dues	8,125	7,277
	8,223	**7,344**

15 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Provision for Gratuity (Refer Note 24(a))	112	50
Provision for other defined benefits (Refer Note 24(b))	71	65
Provision for leave entitlement*	3,034	2,414
Other Provision		
Provision for cost overrun on contracts**	107	251
	3,324	**2,780**

*Disclosure for movement in provision for leave entitlement

Particulars	As at March 31, 2023	As at March 31, 2022
Opening provision at the beginning of the year	2,414	1,971
Created during the year	837	579
Paid during the year	(268)	(128)
Foreign Exchange Translation Adjustments	51	(8)
Closing provision at the end of the year	**3,034**	**2,414**

**Provision for cost overrun on contracts

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	251	255
Less: Provision reversed during the year	(144)	(4)
Balance as at end of the year	**107**	**251**

It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above, pending occurrence of the default event or resolution of respective proceedings.

The provision for leave entitlement is presented as current since the Company does not have an unconditional right to defer settlement for this obligation. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

16 Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of services		
Information technology services	2,55,820	2,17,986
Other operating revenue	519	398
	2,56,339	**2,18,384**

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Disaggregated Revenue

The table below presents disaggregated revenues from contracts with customers by customer location and service line for each of the business segments. Company believe this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue by geography		
UK & Europe operations	1,58,761	1,48,485
North America operations	62,576	38,556
Middle East	23,350	19,006
Others	11,652	12,337
	2,56,339	**2,18,384**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue by service line		
Digital & Application Engineering	1,11,071	99,428
Oracle Cloud & Enterprise Apps	81,619	72,000
Digital Commerce & Experience	46,263	25,789
Data, Automation and AI	17,386	21,167
	2,56,339	**2,18,384**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Timing of revenue recognition		
Transferred at a point in time	1,23,307	1,00,929
Transferred over a period of time	1,33,032	1,17,240
	2,56,339	**2,18,169**

Remaining performance obligation

As of March 31, 2023, the aggregate amount of transaction price allocated to remaining performance obligations, was ₹ 133,872 lakhs (March 31, 2022 ₹ 106,347 lakhs) of which approximately 88% (March 31, 2022 100%) is expected to be recognized as revenues within 3 years.

Changes in contract assets are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	20,181	13,039
Invoices raised that were included in the contract assets balance at the beginning of the year	(13,921)	(10,351)
Increase due to revenue recognised during the year, excluding amounts billed during the year	27,095	17,246
Translation exchange difference	1,725	247
Balance at the end of the year	**35,080**	**20,181**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Changes in contract liabilities are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	6,256	6,916
Revenue recognised that was included in the contract liability balance at the beginning of the year	(5,412)	(6,534)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	4,882	5,868
Translation exchange difference	201	6
Balance at the end of the year	**5,927**	**6,256**

17 Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
- On bank deposits	112	271
- On income tax refunds	4	13
- On others	33	8
Profit on sale of current investments	420	1,696
Fair value gain on investment measured at FVTPL	57	-
Rental income *	438	287
Profit on sale of property, plant and equipment	37	-
Net gain on foreign currency transactions and translation	2,597	1,202
Other non-operating income	131	131
	3,829	**3,608**

* Rent income is net of provision of ₹ Nil (March 31, 2022: ₹ 130 lakhs)

18 Employee benefits expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	1,25,104	99,323
Contribution to provident and other funds	7,824	7,377
Employee stock compensation expenses	559	393
Staff welfare expense	4,101	2,452
	1,37,588	**1,09,545**

19 Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on term loan	1,536	476
Interest on lease liabilities (Refer note 33)	144	80
Bank charges	31	126
Interest on security deposit	7	12
Other finance charges	754	74
	2,472	**768**

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

20 Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Property, plant and equipment	2,458	1,858
Right-of-use assets (Refer note 33)	792	599
Investment property	18	36
Other intangible assets	3,469	1,794
	6,737	**4,287**

21 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Recruitment and training expenses	1,866	2,133
Travelling and conveyance	6,788	3,852
Communication charges	580	523
Electricity	261	198
Consultancy and sub-contracting charges	52,411	43,661
Purchase of hardware and software	586	1,031
Repairs		
Buildings	557	521
Others	2,138	1,411
Insurance	648	644
Printing and stationery	39	29
Professional fees	1,427	3,221
Rent (Refer note 33)	920	637
Advertisement and publicity	954	579
Provision for doubtful debts including Bad debts written off, net	2,548	1,144
Hire Charges	39	24
Donation	115	196
Expenditure towards corporate social responsibility (CSR) activities	172	104
Loss on sale of property, plant and equipment, net	-	2
Miscellaneous expenses, net	1,117	2,678
	73,166	**62,588**

22 Exceptional items - gain

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Legal and professional cost on acquisition	(1,745)	-
b. Net profit on sale of Investment property	4,277	-
Total	**2,532**	**-**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

23 Earnings Per Share (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
The components of basic and diluted earnings per share are as follows:		
(a) Net income attributable to equity shareholders (owners of the Holding Company)	29,301	29,513
(b) Weighted average number of outstanding equity shares		
Considered for basic EPS (in numbers)	30,136,006	27,706,662
Add : Effect of dilutive potential equity shares arising from outstanding stock options (in numbers)	544,548	722,081
Considered for diluted EPS (in numbers)	30,680,554	28,428,743
(c) Nominal value of each share (in ₹)	5	5
(d) Earnings per share (in ₹)		
Basic	97.23	106.52
Diluted	95.53	103.81

24 Employee benefit plans

(a) Defined benefit plans

Defined benefit plans includes Gratuity as per Indian law.

Amount recognised in the consolidated statement of profit and loss in respect of gratuity cost (defined benefit plan - partially funded) is as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gratuity cost		
Service cost	685	506
Net interest on net defined liability	141	98
Net gratuity cost	**826**	**604**
Actuarial gain recognised under OCI	**136**	**78**
Amount shown as liability in the Consolidated Balance Sheet		
Non current (Refer note 12)	2,586	1,929
Current (Refer note 15)	112	50
Total	**2,698**	**1,979**

Demographic assumptions used:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	6.7-7.55%	6.7-7.25%
Salary escalation	6-10%	6-10%
Retirement age	60 Years	60 Years
Mortality Rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Leaving services

Age (Years)	For the year ended March 31, 2023	For the year ended March 31, 2022
21-30	10-21%	10-21%
31-40	5-15%	5-15%
41-50	3-17%	3-17%
51-59	2-10%	2-10%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The following table sets out the status of gratuity plan

Particulars	As at March 31, 2023	As at March 31, 2022
Obligation at the beginning of the year	3,517	3,231
Add: Balance transferred on account of acquisition	319	-
Service cost	685	506
Interest cost	241	198
Actuarial (gain) - due to change in financial assumptions	(161)	(113)
Actuarial loss - due to change in experience	21	42
Benefits paid	(515)	(347)
Obligation at the end of the year	**4,107**	**3,517**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	1,538	1,614
Employer contribution	290	163
Interest income on plan assets	100	100
Remeasurement on plan assets less interest on plan assets	(4)	7
Benefits paid	(515)	(346)
Plan assets at the end of the year, at fair value	**1,409**	**1,538**

The experience adjustments, meaning difference between changes in plan assets and obligations expected on the basis of actuarial assumption and actual changes in those assets and obligations are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Experience adjustment on plan liabilities - gain	140	71
Experience adjustment on plan assets - (loss) / gain	(4)	7

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount Rate (50 bps)	(158)	186	(135)	160
Salary Growth (50 bps)	165	(144)	138	(121)

The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of another since some of the assumptions may be co-related.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Maturity profile of defined benefit obligation:

Particulars	As at March 31, 2023	As at March 31, 2022
1 year	489	385
2 year	451	405
3 year	436	353
4 year	435	343
5 year	452	331
6 year	390	340
7 year	364	295
8 year	399	283
9 year	319	306
10 years and beyond	5,305	4,488

i) The Company has setup an income tax approved irrevocable trust fund to finance the plan liability for funded benefits. The trustees of the trust fund are responsible for the overall governance of the plan. Expected contribution to the Fund in FY 2023-24 is ₹ 250 lakhs (FY 2022-23 - ₹ 230 lakhs).

ii) Plan assets are investment in unquoted insurer managed fund.

Plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of death/retirement/ termination age.

(b) Other benefit plans in foreign jurisdiction

The following table sets out the status of other benefit plans

Amount recognised in the consolidated statement of profit and loss in respect of gratuity cost (other benefit plan) is as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gratuity cost		
Service cost	269	264
Net interest on net defined liability	34	21
Net gratuity cost	**303**	**285**
Actuarial loss/ (gain) recognised under OCI	(268)	(173)
Amount shown as liability in the Consolidated Balance Sheet		
Non current	771	791
Current	71	65
Total	**842**	**856**

Demographic assumptions used:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	5.35%	3.85%
Salary escalation	4%	4%
Retirement age	60 Years	60 Years
Mortality Rate	Saudi Arabia mortality rate	Saudi Arabia mortality rate
Leaving Services	10%	10%

Summary of Significant Accounting Policies and Other Explanatory Information
As at and for the year ended March 31, 2023

(₹ in lakhs)

Mortality Rate

Age (Years)	Rates (p.a.)	
	March 31, 2023	March 31, 2022
18	0.000750	0.000750
23	0.000750	0.000750
28	0.000750	0.000750
33	0.000750	0.000750
38	0.000750	0.000750
43	0.000750	0.000750
48	0.001500	0.001500
53	0.003000	0.003000
58	0.005250	0.005250

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Mortality rate is considered as per the published rates under the Saudi Arabia mortality. Mortality and attrition rate was same for the year ended March 31,2022.

The following table sets out the status of gratuity plan

Particulars	As at March 31, 2023	As at March 31, 2022
Obligation at the beginning of the year	856	847
Add: Balance transferred on account of acquisition		
Service cost	269	264
Interest cost	34	21
Actuarial (gain) - due to change in financial assumptions	(112)	(102)
Actuarial (gain) - due to change in experience	(156)	(71)
Benefits paid	(121)	(131)
Add: Foreign exchange translation adjustments	72	28
Obligation at the end of the year	**842**	**856**
Change in plan assets		
Employer contribution	121	133
Benefits paid	(121)	(133)
Plan assets at the end of the year, at fair value	-	-

The experience adjustments, meaning difference between changes in plan assets and obligations expected on the basis of actuarial assumption and actual changes in those assets and obligations are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Experience adjustment on plan liabilities - gain/(loss)	(268)	(173)
Experience adjustment on plan assets - gain	-	-

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at March 31, 2023		As at March 31, 2022	
Particulars	Increase	Decrease	Increase	Decrease
Discount Rate (50 bps)	(32)	37	(35)	41
Salary Growth (50 bps)	37	(33)	40	(35)

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of another since some of the assumptions may be co-related.

Maturity profile of defined benefit obligation:

Particulars	As at March 31, 2023	As at March 31, 2022
1 Year	71	65
2 Year	75	64
3 Year	68	65
4 Year	74	60
5 Year	64	61
6 Year	60	66
7 Year	57	52
8 Year	54	47
9 Year	51	44
10 Year and beyond	573	506

The weighted average duration of the defined benefit obligation of the Group as at March 31,2023 ranges from 5.17 years to 12.98 years (March 31,2022 6.22 years to 13.26 years).

(c) The Obligation for compensated absence is recognised basis Company's leave policy and net change to the consolidated statement of profit and loss for the year is ₹ 1,100 Lakhs (March 31, 2022: ₹1,195 Lakhs)

Demographic assumptions used:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	5.35-7.55%	1.47-7.25%
Salary escalation	4-10%	2.5-10%

(d) Defined contribution plan

The Group contributed ₹ 7,366 lakhs for the year ended March 31, 2023 (March 31, 2022 ₹ 7,002 lakhs) for the defined contribution plan which includes contribution towards provident fund, employee state insurance commission and labour welfare fund. Out of the total contributions, an amount of ₹ 5,879 lakhs for the year ended March 31, 2023 (March 31, 2022 ₹ 5,958 lakhs) is contributed in foreign jurisdictions as per applicable local laws.

25 Income taxes

a) Income tax (credit) / expense in the Consolidated statement of profit and loss consists of:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax*	14,408	12,628
Deferred tax**	(3,355)	(1,166)
Income tax relating to earlier years	657	-
Income tax expense recognised in the consolidated statement of profit and loss	**11,710**	**11,462**
Income tax credit / (expense) recognised in OCI (net)	**237**	**(297)**

* During the year ended March 31, 2021, the holding company has recognised a provision towards the possible impact of an uncertain tax treatment based on the present status of the on-going proceedings of its Advance Pricing Arrangement with the tax authorities. Accordingly, ₹ 730 Lakhs was provided as an impact for prior years, which will be adjusted based on additional facts and / or ultimate outcome. Current tax expense for the year ended March 31, 2023 and March 31, 2022 includes impact for the same amounting to ₹ 836 lakhs and ₹ 776 lakhs respectively, recognised on a similar basis. The matter is under discussion between the revenue authorities of the respective countries and pending ultimate conclusion, the holding company has recognized the provision on a best estimate basis. The accumulated provision as at March 31, 2023 is ₹ 2,759 lakhs (March 31, 2022 is ₹ 1923 lakhs).

** Includes MAT credit entitlement of ₹ 611 lakhs (March 31, 2022 ₹ 318 lakhs).

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

b) The reconciliation between the provision of income tax at the Group level and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	42,737	44,804
Enacted income tax rate in India	29.12%	29.12%
Computed expected tax expense	12,445	13,047
Effect of:		
Income tax charge/write back for earlier years	620	-
Impact of non-claimable withholding tax written off	559	-
Tax Impact of amortisation of other intangible assets	(421)	
Tax provision related to Advance Pricing Agreement	836	776
Expenses that are not deductible in determining taxable profit	53	142
Tax on income at different tax rates as per respective jurisdictions	(2,023)	(2,875)
Others	(359)	372
Total income tax expense recognised in the consolidated statement of profit and loss	**11,710**	**11,462**

c) The movement in deferred income tax assets and (liabilities) for the year ended March 31, 2023 is as follows:

Particulars	Carrying value as at April 1, 2022	Addition of DTA due to MST Acquisition	Changes through profit or loss*	Changes through OCI	Changes through Equity	Foreign Currency Translation Reserve	Carrying value as at March 31, 2023
Property, plant and equipment and other intangible assets	(115)	61	(555)	-	-	(71)	(680)
Provision for doubtful debts	674	-	163	-	-	48	885
Net gain on fair value of mutual funds	(54)	-	14	76	-	-	36
Cash flow hedge	(501)	-	-	208	-	-	(293)
MAT Credit entitlement	2,230	-	611	-	-	-	2,841
Undistributed Profits of Subsidiaries	(821)	-	-	-	-	-	(821)
Liabilities relating to employee benefits and bonus	1,149	147	306	(47)	-	21	1,576
Employee share based plan	397	-	-	-	-	9	406
Excess tax benefits from exercise of share-based options (OCI)	1,457	-	-	-	(1,259)	(30)	168
Brought forward losses	146	-	2,758	-	-	78	2,982
Others	364	(5)	58	-	-	7	424
Total	**4,926**	**203**	**3,355**	**237**	**(1,259)**	**62**	**7,524**

*Includes an amount of 21 Lakhs is on account of change in tax rate for Mastek Systems Pty Ltd, Australia from 25% to 30%

Gross deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2023		
	Assets	Liabilities	Net
Property, plant and equipment and other intangible assets	1,079	(1,759)	(680)
Provision for doubtful debts	885	-	885
Net gain on fair value of mutual funds	36	-	36
Cash flow hedge	88	(381)	(293)
MAT Credit entitlement	2,841	-	2,841
Undistributed Profits of Subsidiaries	-	(821)	(821)

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Particulars	As at March 31, 2023		
	Assets	Liabilities	Net
Liabilities relating to employee benefits and bonus	1,576	-	1,576
Employee share based plan	406	-	406
Excess tax benefits from exercise of share-based options	168	-	168
Brought forward losses	2,982	-	2,982
Others	424	-	424
Total	**10,485**	**(2,961)**	**7,524**

The movement in deferred income tax assets and liabilities for the year ended March 31, 2022 is as follows:

Particulars	Carrying value as at April 1, 2021	Changes through profit or loss	Changes through OCI	Changes through Equity	Foreign Currency Translation Reserve	Carrying value as at March 31, 2022
Property, plant and equipment and other intangible assets	50	(142)	-	-	(23)	(115)
Provision for doubtful debts	395	265	-	-	14	674
Net gain on fair value of mutual funds	(518)	156	308	-	-	(54)
Cash flow hedge	84	-	(585)	-	-	(501)
MAT Credit entitlement	1,912	318	-	-	-	2,230
Undistributed Profits of Subsidiaries	(821)	-	-	-	-	(821)
Liabilities relating to employee benefits and bonus	770	395	(20)	-	4	1,149
Employee share based plan	383	18	-	-	(4)	397
Excess tax benefits from exercise of share-based options	881	-	-	601	(25)	1,457
Brought forward losses	-	146	-	-	-	146
Others	353	10	-	-	1	364
Total	**3,489**	**1,166**	**(297)**	**601**	**(33)**	**4,926**

Gross deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2022		
	Assets	Liabilities	Net
Property, plant and equipment and other intangible assets	651	(766)	(115)
Provision for doubtful debts	674	-	674
Net gain on fair value of mutual funds	22	(76)	(54)
Cash flow hedge	(38)	(463)	(501)
MAT Credit entitlement	2,230	-	2,230
Undistributed Profits of Subsidiaries	(2)	(819)	(821)
Liabilities relating to employee benefits and bonus	1,149	-	1,149
Employee share based plan	397	-	397
Excess tax benefits from exercise of share-based options	1,457	-	1,457
Brought forward losses	146	-	146
Others	364	-	364
Total	**7,050**	**(2,124)**	**4,926**

Note:

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has legally enforceable right to set off the said balances.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

d) Details of deferred tax assets recognised for carry forward of unused tax losses to the extent probable that future taxable profit will be available against which unused tax losses can be utilised are as follows:

Name of the Entities	As at March 31, 2023	As at March 31, 2022
Mastek Systems Pty Ltd (Formerly known as Evolutionary Systems Pty Ltd)	70	146
Evolutionary Systems Qatar WLL	26	-
Evolutionary Systems (Singapore) PTE. LTD	219	-
Evolutionary Systems Corp.	759	-
Mastek, Inc.	1,294	-
Trans American Information Systems Inc.	614	-
Total	**2,982**	**146**

26 Related Party disclosures, as per Ind AS 24

Relationships have been disclosed where transactions have taken place and relationships involving control:

Name of Related Party	Nature of relationship
Key Management Personnel (KMP):	Ashank Desai, Vice Chairman and Managing Director (till March 31,2023)*
	Arun Agarwal, Global Chief Financial Officer (w.e.f May 31,2021)
	Dinesh Kalani, Vice President - Group Company Secretary
Global Chief Executive Officer (CEO):	Hiral Chandrana, Global Chief Executive Officer
Directors:	Ketan Mehta, Non Executive Director
	Atul Kanagat, Non Executive Director (till January 17,2023)
	Priti Rao, Non Executive Director
	S. Sandilya, Non Executive Director (till March 3, 2023)
	Rajeev Grover, Non Executive Director
	Suresh Vaswani Non Executive Director (w.e.f December 11,2022)
Enterprise where KMP has control:	Mastek Foundation

Note: For list of subsidiaries refer note 43.

* Non executive Director and Chairman w.e.f. April 01, 2023

Balances outstanding are as follows:-

Name of Related Party	As at March 31, 2023	As at March 31, 2022
Compensation of key management personnel and directors of the Company*	88	327
All the transactions executed with the related parties are done at the arms length basis, for which prior approval of Audit committee has been obtained.		

Transaction with key managerial personnel

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and other employee benefits*	457	866
Share based payment transactions	9	47
Director sitting fees	129	146
Director commission paid	49	65
Total compensation paid to key management personnel	**644**	**1,124**

* The KMP's are covered under the Companies gratuity policy, compensated absence policy and bonus policy along with other eligible employee of the Company. Proportionate amount of gratuity and compensated absences expenses and provision for gratuity and compensated absences, which are determined actuarially are not mentioned in the aforementioned disclosure as these are computed for the Company as a whole.

KMPs for the Group have been considered as persons having authority and responsibility for planning, directing and controlling the activities for the Group and not for individual entities within the Group.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Transactions with above related parties during the year were:-

Name of Related Party	Nature of relationship	For the year ended March 31, 2023	For the year ended March 31, 2022
Mastek Foundation	Contribution towards CSR activities	300	226

27 Segment reporting

The Global CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by geographical information. Accordingly, segment information has been presented for geographies where group operates.

The organisational and reporting structure of the Group is based on geographical concept. Geographies are the operating segments for which separate financial information is available and for which operating results are evaluated regularly by CODM in deciding how to allocate resources and in assessing performance. The Group's primary reportable segments consist of four different geographies which are based on the risks and returns in different geographies and the location of the customers: North America Operations, UK Operations, Middle-East and Others.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain income and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" and directly charged against total income.

Property, Plant and Equipment used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as the Property, Plant and Equipment and the support services are used interchangeably between segments. Accordingly disclosures relating to total segments assets and liabilities are not practicable.

Geographical information on revenue and industry revenue information is collated based on individual customer invoices or in relation to which the revenue is otherwise recognised.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Segment Revenue		
UK & Europe operations	1,58,761	1,48,485
North America operations	62,576	38,556
Middle East	23,350	19,006
Others*	11,652	12,337
Revenue from operations	**2,56,339**	**2,18,384**

*Includes India, Singapore, Australia

*Includes revenue from India amounting to ₹ 3,287 lakhs (March 31, 2022 ₹ 2,894 lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Segment Results profit before exceptional item, tax, unallocated income/expense and finance cost		
UK & Europe operations	39,395	41,363
North America operations	4,661	3,333
Middle East	673	(148)
Others	1,507	2,919
Total	**46,236**	**47,467**
Less : Finance costs	2,472	768
Less : Other un-allocable expenditure net of un-allocable (income)	3,559	1,895
Profit before exceptional Items and tax	**40,205**	**44,804**

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Exceptional items - (loss) / gain, net (Refer note 22)		
UK & Europe operations	-	-
North America operations	(1,745)	-
Middle East	-	-
Others	4,277	-
Exceptional gain, net	**2,532**	**-**
Profit before tax	**42,737**	**44,804**
Profit on sale of Investment property		
Profit on sale of Investment property relating to corporate asset of India operations.		
Expense relating to business combination		
Expense relating to business combination consummated during the year relating to North America operations		
The accounting policies consistently used in the preparation of the consolidated financial statements are also applied to item of revenue and expenditure in individual segment.		

28 Financial instrument

The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial assets				
Amortised cost				
Security deposits	583	529	583	529
Trade receivables (net of provisions)	50,663	43,557	50,663	43,557
Cash and cash equivalents	20,764	72,658	20,764	72,658
Other bank balance	79	4,035	79	4,035
Other assets	297	372	297	372
Investment in Bond	53	108	53	108
Investment in bank deposits and Margin money deposits	2,499	2,862	2,499	2,862
FVOCI				
Investment in Volteo Edge, LLC	1,241	-	1,241	-
Investment in mutual funds	-	2,457	-	2,457
Derivative assets	960	1,782	960	1,782
FVTPL				
Investment in mutual funds	5,577	-	5,577	-
Total financial assets	**82,716**	**1,28,360**	**82,716**	**1,28,360**
Financial liabilities				
Amortised cost				
Borrowings	37,078	19,026	37,078	19,026
Lease liabilities	3,256	1,257	3,256	1,257
Trade payables	18294	3,327	18294	3,327
Other liabilities	7,900	26,182	7,900	26,182
FVOCI				
Derivative liabilities	12,547	49,406	12,547	49,406
FVTPL				
Derivative liabilities	27,580	-	27,580	-
Total liabilities	**106,655**	**99,198**	**106,655**	**99,198**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

29 Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2023 and March 31, 2022

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2023:

Particulars	Date of valuation	Total	Fair value measuring using		
			Level 1	Level 2	Level 3
Financial assets measuring at fair value					
Derivative assets					
Foreign exchange forward contract	March 31, 2023	960	-	960	-
FVOCI financial assets designated at fair value					
Investment in mutual funds	March 31, 2023	-	-	-	-
FVTPL financial assets designated at fair value	March 31, 2023				
Investment in mutual funds		5,577	5,577	-	-
Financial liabilities measuring at fair value					
Derivative liabilities					
Derivative instrument (Put option)	March 31, 2023	12,547	-	-	12,547
Contingent consideration payable	March 31, 2023	27,580	-	-	27,580

Quantitative disclosures of fair value measurement hierarchy for financial assets as at March 31, 2022:

Particulars	Date of valuation	Total	Fair value measuring using		
			Level 1	Level 2	Level 3
Financial assets measuring at fair value					
Derivative assets					
Foreign exchange forward contract	March 31, 2022	1,782	-	1782	-
FVOCI financial assets designated at fair value					
Investment in mutual funds	March 31, 2022	2,457	2,457	-	-
FVTPL financial assets designated at fair value					
Investment in mutual funds	March 31, 2022	-	-	-	-
Financial liabilities measuring at fair value					
Derivative liabilities					
Derivative instrument (Put option)	March 31, 2022	49,406	-	-	49,406

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

29.1 Description of valuation techniques used and significant unobservable input for valuation

Instrument	Valuation technique	Significant unobservable inputs	Range (weighted average)	
Financial liabilities measuring at fair value - Derivative instrument (Put option)	**For March 31, 2023** Discounted cash flow (DCF) method Put option has been valued at it's intrinsic value as at March 31, 2023. Put option is out of the money. **For March 31, 2022** DCF method Monte Carlo simulation has been used to simulate EBITDAs for each relevant financial year.	Long-term growth rate for cash flows for subsequent years	March 31, 2023: WACC - 16.5%, Terminal growth rate - 5%	March 31, 2022: WACC - 16%, Terminal growth rate - 5% Expected EBITDA volatility - 54.79%
Financial liabilities measuring at fair value - Contingent consideration payable	**For March 31, 2023** Scenario based method under which probability weights are assigned to contingent consideration payoff under each outcome **For March 31, 2022** NA	Forecasted revenue of target	March 31, 2023: Cost of debt - 3.5%	March 31, 2022: NA

29.2 Put option written on Non-Controlling Interest

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	49,406	50,035
Add: Fair value adjustment during the year	(17,936)	22,330
Add: Adjustments on account of contractual obligations relating to Evosys acquisition (refer note 34)	-	1,773
Less: Total consideration paid for acquisition of proportionate non-controlling interests	(18,923)	(24,732)
Balance at the end of the year	**12,547**	**49,406**

29.3 Contingent consideration payable

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	-
Add: Additions on account of acquisition during the year	26,960	-
Add: Fair value adjustment during the year	620	-
Balance at the end of the year	**27,580**	**-**

30 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and price risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Group's management oversees the management of these risk and formulates the policies, the Board of Directors and Audit Committee reviews and approves policies for managing each of these risks, which are summarised below:

Market risk: Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices. The primary market risk to the Group is foreign exchange risk.

Foreign currency risk

The Group's exposure to risk of change in foreign currencies exchange rates arising from foreign currency transactions, is primarily with respect to the currencies which are not fixed. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group uses derivative financial instruments to mitigate foreign exchange related risk

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

exposures. The counter parties of these derivative instruments are primarily a bank. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivative for speculative purposes may be undertaken.

These derivative financial instruments are forward contracts and are qualified for cash flow hedge accounting when the instrument is designated for hedge. Group has designated major portion of derivative instruments as cash flow hedges to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

The following table present the aggregate contracted principal amount of the Group's derivatives contracts outstanding:

Designated derivative instrument	As at March 31, 2023	As at March 31, 2022
Forward contract (Notional amount in GBP lakhs)	318	229
Number of contracts	468	388
Fair value gains	1,275	1,412
Forward contract (Notional amount in USD lakhs)	227	334
Number of contracts	366	493
Fair value (loss)/gains	(316)	370

Accounting for cash flow hedge

The objective of hedge accounting is to represent, in the Group's financial statements, the effect of the Group's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Group makes use of derivative financial instruments for hedging the risk arising on account of highly probable foreign currency forecasted sales.

The Group has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Group assesses hedge effectiveness on prospective basis. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecasted sales.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecasted sales. Further, the entity has included the foreign currency basis spread and takes the forward rates in hedging relationship.

The Group applies cash flow hedge to hedge the variability arising out of foreign currency exchange fluctuations on account of highly probable foreign currency forecasted sales. Such contracts are generally designated as cash flow hedges.

The table below enumerates the Group's hedging strategy, typical composition of the Group's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship:

Type of risk / hedge position	Hedged item	Description of hedging strategy	Hedging instrument	Description of hedging instrument	Type of hedging relationship
Cash flow hedge of foreign currency risk	Highly probable forecasted sales	Foreign currency denominated in proceeds from highly probable forecasted sales is converted into functional currency using a forward contract. Functional currency of the Group is INR.	Foreign exchange forward contracts	Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customised contracts transacted in the over-the-counter market.	Cash flow hedge

Net realised foreign exchange (gain) arising from hedging is accounted under revenue from operations as on March 31, 2023 ₹ 832 lakhs (March 31, 2022 ₹ 215 lakhs)

There was no hedge ineffectiveness during the year.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

Forward Contracts covers part of the exposure during the period April 2021 -January 2025

Mark-to-Market gains/(losses)	As at March 31, 2023	As at March 31, 2022
Opening balance of Mark-to-market gains receivable on outstanding derivative contracts	1,782	(272)
Less: Reclassified from Hedging reserve account to consolidated statement of profit and loss	(728)	(216)
Add: Changes in the fair value of designated derivative instrument recognised in OCI	(94)	2,270
Closing balance of Mark-to-market (losses)/gains receivable on outstanding derivative contracts	**960**	**1,782**
Disclosed under:		
Other current financial asset (Refer note 6(d))	596	737
Other non-current financial asset (Refer note 4(b))	364	1,045
	960	**1,782**

Non-derivative financial instruments

The following table presents foreign currency risk from non- derivative financial instrument as of March 31, 2023 and March 31, 2022.

Currency	As at March 31, 2023					
	Amount in respective foreign currencies (in lakhs)			Amount (₹ in lakhs)		
	Financial assets	Financial liabilities	Net assets / (liabilities)	Financial assets	Financial liabilities	Net assets / (liabilities)
GBP	13	-	13	1,346	-	1,346
USD	123	(6)	117	10,138	(495)	9,643
EUR	13	-	13	1,192	(6)	1,186
AED	31	(3)	28	685	(62)	623
AUD	9	-	9	496	-	496
QAR	13	(6)	7	283	(133)	150
MYR	15	-	15	286	-	286
SGD	21	-	21	1,308	-	1,308
BHD	0	-	0	30	-	30
PHP	54	(10)	44	82	(15)	67
NZD	0	(0)	0	23	(10)	13
SAR	211	-	211	4,609	-	4,609
KWD	1	-	1	372	-	372
CAD	1	(5)	(4)	47	(296)	(249)
OMR	1	(1)	-	146	(128)	18
CHF	0	(0)	0	4	(1)	3
TWD	1	-	1	4	-	4
DKK	-	(1)	(1)	-	(8)	(8)
ROL	-	(1)	(1)	-	(15)	(15)
Total (₹ in lakhs)				**21,051**	**(1,169)**	**19,882**

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Currency	As at March 31, 2022					
	Amount in respective foreign currencies (in lakhs)			Amount (₹ in lakhs)		
	Financial assets	Financial liabilities	Net assets / (liabilities)	Financial assets	Financial liabilities	Net assets / (liabilities)
GBP	27	(15)	12	2,708	(1,453)	1,255
USD	95	(14)	81	7,170	(1,041)	6,129
EUR	8	-	8	696	-	696
AED	83	(177)	(94)	1,717	(3,646)	(1,929)
AUD	5	-	5	268	-	268
QAR	37	-	37	776	-	776
BHD	-	0	0	-	(6)	(6)
SGD	35	(9)	26	1,963	(504)	1,459
PHP	84	-	84	124	-	124
NZD	1	-	1	63	-	63
SAR	201	-	201	4,057	-	4,057
KWD	1	-	1	352	-	352
CAD	7	(2)	5	401	(148)	253
OMR	1	(0)	1	122	(18)	104
MYR	29	-	29	521	-	521
Total (₹ in lakhs)				**20,938**	**(6,816)**	**14,122**

For the guarantee issued by Mastek Limited on behalf of its wholly owned subsidiary, Mastek (UK) Limited, management does not expect any liability against the same.

As at March 31, 2023 and March 31, 2022 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact financials statement by approximately ₹199 lakhs and ₹ 141 lakhs, respectively.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers including unbilled and investment securities. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment and accordingly the Group accounts for expected credit loss. No single customer contributes for more than 10% of outstanding total accounts receivables as at March 31, 2023 and March 31, 2022. There is one customer which contributes for more than 10% of revenue aggregating 15% as at March 31, 2023 (no single customer in March 31, 2022).

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	**3,977**	**3,047**
Provision made during the year, net	2,622	930
At the end of the year	**6,599**	**3,977**

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars Movement of provision for expected credit loss	For the year ended March 31, 2023	For the year ended March 31, 2022
Percentage of revenue from top customer	15%	9%
Percentage of revenue from top 5 customers	28%	30%

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilized credit limits with banks. The Group's corporate treasury department is responsible for managing and monitoring liquidity, funding as well as its settlement. In addition, processes and policies related to such risks are overseen by senior management. The management monitors the Group's net liquidation through rolling forecast on the basis of expected cash flows. Also, the probability that guarantee given by Mastek Limited on behalf of Mastek (UK) Limited, wholly owned subsidiary ("Mastek (UK)") for its borrowings, will be invoked is very remote considering the financial strength of Mastek UK and its past history of timely repayment. Accordingly, such guarantee is not impacting the liquidity risk profile of the company.

The Working Capital position of the Company is given below

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent	20,764	72,658
Other bank balances	28	3,987
Investment in mutual fund	5,577	1,432
Investment in bank deposit	583	8
Investment in Bonds	-	56
Total	**26,952**	**78,141**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023:

Particulars	As at March 31, 2023	
	Less than 1 Year	1 Year and above
Borrowings	10,174	26,904
Trade payables	18,294	-
Lease liabilities	20,410	28,595
Other financial liabilities	1,185	2,901

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

Particulars	As at March 31, 2022	
	Less than 1 Year	1 Year and above
Borrowings	6,946	12,080
Trade payables	3,210	117
Other financial liabilities	51,871	23,717
Lease liabilities	526	1,231

Trade payables are generally non - interest bearing and are normally settled in line with respective industry norms.

Price risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds.

Particulars	As at March 31, 2023	As at March 31, 2022
Investments in mutual funds	5,577	2,457
Investment in Volteo Edge, LLC	1,241	-
Investment in bonds	53	108
Investments in bank deposit	611	3,995

Summary of Significant Accounting Policies and Other Explanatory Information
As at and for the year ended March 31, 2023

(₹ in lakhs)

	Impact on profit or loss for the year ended	
Particulars	March 31, 2023	March 31, 2022
Price change by :		
100 basis points increase	75	66
100 basis points decrease	(75)	(66)

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rates for borrowings at the end of the reporting year and the stipulated change taking place at the beginning of the year and held constant throughout the reporting year in case of borrowings that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables, in particular foreign currency exchange rates, were held constant, the effect on interest expense for the respective year and consequent effect on Company's profit or loss before tax in that year would have been as below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Borrowings	36,722	18,648

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest rate change by :		
50 basis points increase	(184)	(93)
50 basis points decrease	184	93

31 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximise shareholder value. The capital structure is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Total Equity attributable to the Equity Share Holders of Group	**1,77,451**	**1,22,170**
Equity capital as a percentage of total capital	82.72%	86.53%
Current borrowing	10,174	6,946
Non-current borrowing	26,904	12,080
Total loan and borrowing	**37,078**	**19,026**
Total Cash and cash equivalent	**20,792**	**76,645**
% based on debt to total capital	17.28%	13.47%
% based on net debt to adjusted total capital	8.41%	(89.26%)
Total Capital(borrowing and equity)	**2,14,529**	**1,41,196**
Total adjusted capital (borrowing - cash and cash equivalent + total equity)	**1,93,737**	**64,551**

The Group is predominantly equity financed which is evident from capital structure table. Further, the Group has always been a net cash positive with cash and bank balances along with current financial assets which predominantly includes investment in liquid and short term mutual funds are in excess of debt.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

32 Employee Stock Based Compensation

i) Plan V

The Company introduced a scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting.

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	No. of share options	Weighted average Exercise price	No. of share options	Weighted average Exercise price
Outstanding options, beginning of the year	6,725	47	10,475	63
Granted during the year	-	-	-	-
Exercised during the year	(6,225)	47	-	-
Lapsed/Cancelled during the year	(500)	47	(3,750)	91
Outstanding options, end of the year	-	-	6,725	47
Options exercisable, end of the year	**-**	**-**	**6,725**	**47**

ii) Plan VI

The Company introduced a scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting.

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	No. of share options	Weighted average Exercise price	No. of share options	Weighted average Exercise price
Outstanding options, beginning of the year	73,309	120	1,18,091	114
Granted during the year	-	-	-	-
Exercised during the year	(9,296)	130	(20,769)	142
Lapsed/Cancelled during the year	(24,094)	72	(24,013)	73
Outstanding options, end of the year	39,919	147	73,309	120
Options exercisable, end of the year	**39,919**	**147**	**73,309**	**120**

iii) Plan VII

The Company introduced a new scheme in 2013 for granting 2,500,000 stock options to its employees and employees of its subsidiaries, each option giving a right to apply for one equity share of the Company on its vesting. The vesting period of stock option will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting.

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	No. of share options	Weighted average Exercise price	No. of share options	Weighted average Exercise price
Outstanding options at beginning of the year	6,33,770	83	10,18,646	69
Granted during the year	54,860	5	14,530	5
Exercised during the year	(1,70,533)	134	(2,74,314)	53
Lapsed/Cancelled during the year	(48,133)	89	(1,25,092)	28
Outstanding options at end of the year	4,69,964	55	6,33,770	83
Options exercisable, end of the year	**3,26,700**	**77**	**4,48,225**	**116**

Note: The Group does not have a past practice of cash settlement for these ESOPs. The Group accounts for the ESOPs as an equity-settled plan.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

The following tables summarise information about the options/ shares outstanding under various programs as at March 31, 2023 and March 31, 2022, respectively:

Particulars	As at March 31, 2023		
	No. of share options	Weighted average remaining contractual life in years	Weighted average Exercise price
Plan VI	39,919	1.7	147
Plan VII	4,69,964	5.7	55

Particulars	As at March 31, 2022		
	No. of share options	Weighted average remaining contractual life in years	Weighted average Exercise price
Plan V	6,725	0.3	47
Plan VI	73,309	2.1	120
Plan VII	6,33,770	5.8	83

The weighted average fair value of each unit under the plan, granted during the year ended March 31, 2023 was ₹ 2,091 (March 31,2022 - ₹ 2,356) using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average grant date share price (in ₹)	2,091	2,443
Weighted average exercise price (in ₹)	5	5
Dividend yield %	0.73%	0.58%
Expected life	3-7 years	3-7 years
Risk free interest rate %	7.03%	5.90%
Volatility %	50.03%	51.35%

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in Black Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. Company considered the daily historical volatility of the Company's stock price on the National Stock Exchange over the expected life of each vest.

Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

Expected life of the options: Expected life of the options is the period for which the Company expects the options to be live. The minimum life of stock options is the minimum period before which the options can't be exercised and the maximum life of the option is the maximum period after which the options can't be exercised. The Company have calculated expected life as the average of the minimum and the maximum life of the options.

Dividend yield: Expected dividend yield has been calculated as an total of interim and final dividend declared in last year preceding date of grant.

33 Leases

Company as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on systematic basis over the lease term. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Company as lessee

The Group's leased assets primarily consist of leases for office premises, guest houses, laptops, lease lines, furniture and equipment. Leases of office premises and guest houses generally have lease term between 2 to 44 years (March 31, 2022 - 2 to 45 years). The Company has applied low value exemption for leases of laptops, lease lines, furniture and equipment accordingly these are excluded from Ind AS 116, at present.

i) The carrying amounts of right-of-use assets recognised and the movements during the period (Refer note 3 (b))

ii) Below are the carrying amounts of operating lease liabilities and the movements during the period:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	1,257	1,283
Additions during the year	2,581	575
Deletion during the year	-	-
Accretion of interest	144	80
Payments (including interest March 31, 2023 ₹ 144 lakhs, March 31, 2022 ₹ 80 lakhs)	(833)	(693)
Foreign Currency translation	107	12
Balance at the end of the year	**3,256**	**1,257**
Current	1,007	453
Non-current	2,249	804

Maturity Analysis of lease liabilities :

The contractual maturity analysis of lease liabilities are disclosed herein on an undiscounted basis-

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	1,185	526
More than one year to five year	2,331	890
More than five years	570	341
Total	**4,086**	**1,757**

The effective interest rate for lease liabilities as at March 31, 2023 is 10.64% (March 31, 2022 - 10.67%)

iii) The following are the amounts recognised in Consolidated statement of profit or loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense for right-of-use assets	792	599
Finance expense on lease liabilities	144	80
Expense relating to short-term, low value leases (included in other expenses)	920	637
Total amount recognised in consolidated statement of profit and loss	**1,856**	**1,316**

The Company had total cash outflows for leases of 1,753 in FY 2022-23 (1,330 lakhs in FY 2021-22) including cash outflow for short term and low value leases.

There are several lease agreements with extension and termination options, for which management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Since it is reasonable certain to exercise extension option and not to exercise termination option, the Company has opted to include such extended term and ignore termination option in determination of lease term.

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

The maturity analysis of lease income are disclosed herein-

Particulars	As at March 31, 2023	As at March 31, 2022
Lease income		
Future minimum lease income under non-cancellable operating lease (in respect of properties):		
Due within one year	293	405
Due later than one year but not later than five years	655	492
Total	**948**	**897**

34. Business combinations

a) Acquisition of entities - Evosys

During the year ended March 31, 2020, Mastek acquired control of the business of Evolutionary Systems Private Limited ("ESPL") and its subsidiary companies (together referred to as "Evosys"). The acquisition was as follows:-

Mastek (UK) Limited, a wholly-owned subsidiary of Mastek Limited, entered into a Business Transfer Agreement ("BTA") on February 8, 2020 to acquire the business of Evosys Arabia FZ LLC and Share Transfer Agreements (STA) to acquire Middle East Companies ("MENA Acquisition") by paying a cash consideration (net of cash and cash equivalents) of USD 64.9 million i.e. ₹ 48,204 lakhs. The closing of such transaction occurred on March 17, 2020, which is considered to be the date of transfer of control or the date of acquisition, as per Ind AS 103- ""Business Combinations"", and necessary effects have been recognised in the standalone financial statements of the respective entities and consolidated financial statements of the Company and its subsidiaries. While the acquisition has been effected and full consideration has been paid, procedures to complete the legal processes like registering sale of shares was delayed due to the pandemic condition, which has been completed during the year ended March 31, 2022.

With respect to a business undertaking of ESPL (including investments in certain subsidiaries of ESPL), the parties (Mastek group and Evosys group) entered into a Demerger Co-operation Agreement (DCA) and Shareholders Agreement on February 8, 2020. The manner of discharge of the non-cash consideration and the acquisition of legal ownership, was decided to be achieved through a demerger scheme filed before the National Company Law Tribunal (NCLT) ("the Scheme"), or, as per DCA, the parties were to complete this transaction with the same economic effect, by an alternate arrangement within the period specified in the DCA. The DCA gave Mastek Enterprise Solutions Private Limited ("MESPL") (formerly known as Trans American Information Systems Private Limited), a subsidiary of Mastek Limited, the right to appoint majority of the board of directors in ESPL and its subsidiaries and also provided for the relevant activities of ESPL and its subsidiaries to be decided by a majority vote of such board of directors, thereby resulting in transfer of control of business of ESPL and its subsidiaries to Mastek Group. The date of acquisition of business undertaking for the purposes of Ind AS 103 is the date of transfer of control to the Group, i.e. February 8, 2020. Discharge of consideration for demerger was made through issue of 4,235,294 equity shares of Mastek Limited (face value ₹ 5 each) and balance consideration through MESPL by issuing 15,000 Compulsorily Convertible Preference Shares (CCPS), (face value of ₹ 10 each) of MESPL, subsequently split into 150,000 CCPS of ₹ 1 each, which carry a Put Option to be discharged at agreed EBITDA multiples, based on actual EBIDTA of 3 years commencing from financial year ending March 31, 2021 including adjustments for closing cash.

On September 14, 2021, the above transaction was approved by the NCLT, pursuant to the Scheme of De-merger, for the demerger of Evolutionary Systems Private Limited (ESPL or demerged entity), into MESPL, with the effective date of February 1, 2020 (Appointed Date). Accordingly, 4,235,294 equity shares of Mastek Limited (face value ₹ 5 each) were issued on September 17, 2021 and considered for the calculation of basic earnings per share from the quarter ended September 30, 2021.

On December 17, 2021, a board meeting was held where the Board approved the buy out of first tranche of CCPS i.e. 1/3rd of the total outstanding CCPS (of MESPL) basis the agreed valuations in line with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended). Accordingly, 254,755 equity shares of Mastek Limited (face value of ₹ 5 each) had been issued on February 10, 2022, for said buy- out of first tranche of 50,000 CCPS of MESPL.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

On December 11, 2022, a board meeting was held where the Board approved the buy out of second tranche of 50,000 CCPS of MESPL basis the agreed valuations in line with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended). Accordingly, 320,752 equity shares of Mastek Limited (face value of ₹ 5 each) had been issued on January 17, 2023, for said buy- out of second tranche of 50,000 CCPS of MESPL."

b) Acquisition of entities - MST

i. During the year ended March 31, 2023, Mastek has acquired control of the business of Meta Soft Tech Systems Private Limited ("MST India") and MetaSoft Tech Solutions LLC. ("MST US") (together referred to as "Metasoft"). The acquisition was as follows:-

i. Mastek Limited, entered into a Share purchase agreement ("SPA") on July 18, 2022 to acquire the business of Meta Soft Tech Systems Private Limited by paying a cash consideration including contingent consideration to be paid based on agreed revenue and gross margin performance (net of cash and cash equivalents) of USD 2.2 million i.e. ₹ 1,846 lakhs. The closing of such transaction occurred on August 02, 2022, which is considered to be the date of transfer of control or the date of acquisition, as per Ind AS 103, and necessary effects have been recognised in the standalone financial statements of the respective entities and consolidated financial statements of the Group."

ii. Mastek Inc., a step down subsidiary of Mastek Limited, entered into a Member's interest purchase agreement ("MIPA") on July 18, 2022 to acquire the business of MetaSoft Tech Solutions LLC. by paying a cash consideration including contingent consideration to be paid based on agreed revenue and gross margin performance (net of cash and cash equivalents) of USD 105.9 million i.e. ₹ 84,149 lakhs. The closing of such transaction occurred on August 02, 2022, which is considered to be the date of transfer of control or the date of acquisition, as per Ind AS 103, and necessary effects have been recognised in the standalone financial statements of the respective entities and consolidated financial statements of the Group.

MetaSoft offers customer relationship management (CRM) and marketing automation consulting services. It offers salesforce, licensing solution, MuleSoft integrations, CPQ for salesforce, and Vlocity products. The company offers digital transformation, managed services, and marketing automation solutions. It serves education, healthcare, manufacturing, non-profit, and public sector industries. it is a trusted partner to several Fortune 1000 and large enterprise clients. The acquisition will enable the Group in CRM business.

Purchase consideration

As part of the MST acquisition, the purchase consideration to be discharged in cash is as follows:

Particulars	MST USA	MST India	Total
Purchase consideration	85,625	2,723	88,348
	85,625	2,723	88,348
Less: Adjustment for Cash^	1,476	877	2,353
	84,149	1,846	85,995

^ Purchase consideration is net of cash and cash equivalents acquired including contingent consideration to be paid based on agreed revenue and gross margin performance

The purchase price allocation to the identified assets and liabilities assumed at the acquisition date are:

Particulars	MST USA	MST India	Total
Property, plant and equipment and Right-of-use assets	1,234	325	1,559
Customer Contracts	2,623	-	2,623
Customer Relationships	8,425	-	8,425
Trade receivables*	4,957	588	5,544
Financial assets*	-	949	949
Other assets*	12,321	525	12,846
Trade payables	(2,281)	(5)	(2,286)
Financial liabilities	(1,162)	(863)	(2,025)
Other liabilities	(13,689)	(931)	(14,620)

Summary of Significant Accounting Policies and Other Explanatory Information
As at and for the year ended March 31, 2023

(₹ in lakhs)

Particulars	MST USA	MST India	Total
Current tax liability	(9)	(315)	(323)
Deferred tax asset**	-	195	195
Fair value of identifiable net assets	12,419	468	12,887
Less: Purchase Consideration	(84,149)	(1,846)	(85,995)
Goodwill	**71,730**	**1,378**	**73,108**
Contingent liability	NA	NA	NA
Goodwill expected to be deductible for tax purpose	69,745	-	69,745

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Metasoft's workforce and expected synergies.

*Represents fair value of receivables and gross contractual amounts receivable. All amounts are expected to be collected.

**Excludes the amount pertaining to OCI of ₹ 8 lakhs

Notes

(i) Projected revenue and profit / (loss) of the Group had the acquisition occurred as of the beginning of the year would be ₹ 2,67,670 lakhs and ₹ 26,275 lakhs respectively.

(ii) Amount of revenue and profit/ (loss) of the acquiree since the acquisition date included in the consolidated statement of profit and loss is ₹ 22,629 lakhs and ₹ 3,729 respectively.

Acquisition costs

Acquisition-related costs amounting to ₹ 1,745 Lakhs are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit and loss, as part of exceptional items (Refer note 22).

35 Capital Commitments and Contingent Liabilities

I Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023 is ₹ 868 lakhs (March 31, 2022: ₹ 433 lakhs)

II Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
A. Claims against Company not acknowledged as debts		
Disputed demands in respect of Sales tax (including pending litigation of various matters)	941	941

B. Provident Fund

Based on the judgement by the Honourable Supreme Court dated February 28, 2019, past provident fund liability, is not determinable at present, in view of uncertainty on the applicability of the judgement to the Company with respect to timing and the components of its compensation structure. In absence of further clarification, the Company has been advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any.

(i) The Group does not expect any cash outflows or any reimbursements in respect of the above contingent liabilities.

(ii) It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above, pending occurrence of the default event or resolution of respective proceedings.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

36 Other statutory information

(i) The Group has not advanced or loaned or invested funds to any person or any entity, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Group (Ultimate Beneficiaries); or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(ii) The Group has not received any fund from any person or any entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Funding Party (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

37 The Group does not have any transactions and outstanding balances during the current as well previous year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

38 The Group have not defaulted on any of the loan taken from banks, financial institutions or other lenders.

39 The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

40 The Group has not traded or invested in Crypto currency or Virtual currency during the financials year.

41 The Group does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provision of the Income Tax Act,1961).

42 The Holding Company and subsidiary companies covered under the Act have complied with the number of layers prescribed under section 2(87) of the Act.

43 The Holding company has complied with section 186 of the Act. Transactions and balances falling under section 186 of the Act in the standalone financial statements of the Holding Company, gets eliminated in consolidated financial statements and therefore, such transactions and balances have not been reported in consolidated financial statements. Subsidiary companies covered under the Act do not have any transaction to be reported under section 186 of the Act.

44 Disclosure mandated by Schedule III to the act by way of additional information for the year ended March 31, 2023

Name of Entities		Country of Incorporation	Net Assets i.e. Total Assets-Total Liabilities		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
			As a % of consolidated net assets	₹ in Lakhs	As a % of consolidated profit or loss	₹ in Lakhs	As a % of consolidated OCI	₹ in Lakhs	As a % of consolidated total comprehensive income	₹ in Lakhs
A.	Parent									
	Mastek Limited	India	42.9%	72,194	42.1%	12,335	(2.1%)	(137)	34.0%	12,198
B.	Direct Subsidiaries									
	India									
	Mastek Enterprise Solutions Private Limited (Formerly known as Trans American Information Systems Private Limited) (2) (3)	India	(22.4%)	(37,664)	13.2%	3,874	2.0%	128	11.2%	4,002

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

Name of Entities	Country of Incorporation	Net Assets i.e. Total Assets-Total Liabilities		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
		As a % of consolidated net assets	₹ in Lakhs	As a % of consolidated profit or loss	₹ in Lakhs	As a % of consolidated OCI	₹ in Lakhs	As a % of consolidated total comprehensive income	₹ in Lakhs
Meta Soft Tech Systems Private Limited (4)	India	0.3%	460	1.5%	439	0.2%	13	1.3%	452
Foreign									
Mastek (UK) Limited	UK	54.6%	91,839	49.1%	14,394	(12.2%)	(801)	37.9%	13,593
C. Indirect Subsidiaries									
Foreign									
Mastek, Inc. (1)	USA	(2.9%)	(4,919)	(13.1%)	(3,840)	(14.4%)	(942)	(13.3%)	(4,782)
Trans American Information Systems Inc.	USA	2.9%	4,916	(5.6%)	(1,641)	9.9%	650	(2.8%)	(991)
Mastek Digital Inc.	Canada	0.3%	505	0.1%	27	0.0%	2	0.1%	29
Evolutionary Systems Consultancy LLC	Abu Dhabi	(1.8%)	(3,008)	(6.9%)	(2,010)	(0.3%)	(18)	(5.7%)	(2,028)
Mastek Systems Pty Ltd (Formerly known as Evolutionary Systems Pty Ltd) (2)	Australia	1.5%	2,557	(0.9%)	(272)	(1.2%)	(81)	(1.0%)	(353)
Evolutionary Systems Bahrain WLL	Bahrain	0.3%	565	(0.4%)	(130)	1.1%	72	(0.2%)	(58)
Mastek Arabia FZ LLC	Dubai	1.1%	1,860	(3.6%)	(1,059)	51.5%	3,369	6.4%	2,310
Evolutionary Systems Egypt LLC	Egypt	0.2%	263	0.7%	213	(1.8%)	(118)	0.3%	95
Evosys Kuwait WLLC	Kuwait	0.4%	716	2.1%	611	0.3%	20	1.8%	631
Evosys Consultancy Services (Malaysia) SDN. BHD (2)	Malaysia	0.4%	713	0.4%	123	0.3%	19	0.4%	142
Newbury Cloud, Inc. (2)	USA	0.1%	110	(0.2%)	(58)	0.2%	12	(0.1%)	(46)
Evolutionary Systems BV (2)	Netherlands	2.2%	3,681	2.6%	750	3.2%	212	2.7%	962
Evolutionary Systems Qatar WLL(2)	Qatar	0.4%	688	(0.9%)	(250)	0.9%	62	(0.5%)	(188)
Evolutionary Systems Saudi LLC (2)	Saudi	2.4%	3,964	5.7%	1,669	3.8%	247	5.3%	1,916
Evolutionary Systems (Singapore) PTE. LTD. (2)	Singapore	(0.2%)	(321)	(0.8%)	(246)	(0.2%)	(15)	(0.7%)	(261)
Evolutionary Systems Company Limited (UK) (2)	UK	13.8%	23,266	14.9%	4,379	10.1%	659	14.1%	5,038
Evolutionary Systems Corp. (2)	USA	0.9%	1,443	(5.2%)	(1,522)	2.6%	171	(3.8%)	(1,351)
Evolutionary Systems Canada Limited	Canada	0.0%	-	0.1%	23	0.0%	-	0.1%	23
Metasoftech Solutions LLC (4)	USA	2.7%	4,513	5.1%	1,492	46.2%	3,021	12.6%	4,513
Total		**100%**	**1,68,341**	**100%**	**29,301**	**100%**	**6,545**	**100%**	**35,846**
D. Non Controlling Interest (NCI) (2)			9,110		1,726		39		1,765

All the amounts mentioned above are after considering the elimination and consolidation adjustments.

Summary of Significant Accounting Policies and Other Explanatory Information

As at and for the year ended March 31, 2023

(₹ in lakhs)

45 Disclosure mandated by Schedule III to the act by way of additional information for the year ended March 31, 2022

Name of Entities	Country of Incorporation	Net Assets i.e. Total Assets-Total Liabilities		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
		As a % of consolidated net assets	₹ in Lakhs	As a % of consolidated profit or loss	₹ in Lakhs	As a % of consolidated OCI	₹ in Lakhs	As a % of consolidated total comprehensive income	₹ in Lakhs
A. Parent									
Mastek Limited	India	55.0%	58,975	25.6%	7,567	21.6%	553	25.3%	8,120
B. Direct Subsidiaries									
India									
Mastek Enterprise Solutions Private Limited (2) (3)	India	(59.7%)	(63,920)	5.4%	1,608	20.7%	530	6.7%	2,138
Foreign									
Mastek (UK) Limited	UK	72.8%	78,047	51.7%	15,259	(20.0%)	(511)	46.0%	14,748
C. Indirect Subsidiaries									
Foreign									
Mastek, Inc. (1)	USA	0.7%	778	(9.6%)	(2,825)	6.7%	171	(8.3%)	(2,654)
Trans American Information Systems Inc.	USA	5.5%	5,908	2.3%	671	10.8%	277	3.0%	948
Mastek Digital Inc.	Canada	0.4%	476	1.6%	462	0.4%	10	1.5%	472
Evolutionary Systems Consultancy LLC	Abu Dhabi	(0.9%)	(981)	(4.4%)	(1,286)	2.5%	64	(3.8%)	(1,222)
Mastek Systems Pty Ltd (Formerly known as Evolutionary Systems Pty Ltd) (2)	Australia	2.4%	2,616	3.2%	959	2.7%	69	3.2%	1,028
Evolutionary Systems Bahrain WLL	Bahrain	0.6%	623	(0.0%)	(10)	1.0%	26	0.0%	16
Mastek Arabia - FZ LLC	Dubai	(0.4%)	(449)	(2.8%)	(824)	58.5%	1,495	2.1%	671
Evolutionary Systems Egypt LLC	Egypt	0.2%	169	0.4%	122	(0.9%)	(22)	0.3%	100
Evosys Kuwait WLLC	Kuwait	0.1%	85	0.7%	208	0.2%	4	0.7%	212
Evosys Consultancy Services (Malaysia) SDN. BHD (2)	Malaysia	0.4%	453	1.4%	401	0.2%	5	1.3%	406
Newbury Cloud, Inc. (2)	USA	0.1%	116	0.4%	112	0.2%	4	0.4%	116
Evolutionary Systems B.V. (2)	Netherlands	2.2%	2,390	3.5%	1,038	(1.9%)	(49)	3.1%	989
Evolutionary Systems Qatar WLL (2)	Qatar	0.7%	794	0.7%	203	1.3%	33	0.7%	236
Evolutionary Systems Saudi LLC (2)	Saudi	1.8%	1,878	0.9%	253	2.8%	72	1.0%	325
Evolutionary Systems (Singapore) PTE. LTD.(2)	Singapore	0.0%	34	(1.8%)	(534)	0.3%	8	(1.6%)	(526)
Evolutionary Systems Company Limited (UK) (2)	UK	15.6%	16,695	18.8%	5,549	(10.0%)	(255)	16.5%	5,294
Evolutionary Systems Corp. (2)	USA	2.3%	2,439	1.9%	549	2.8%	71	1.9%	620
Evolutionary Systems Canada Limited	Canada	0.0%	10	0.1%	31	0.0%	-	0.1%	31
Total		**100.0%**	**1,07,136**	**100.0%**	**29,513**	**100.0%**	**2,555**	**100.0%**	**32,068**
D. Non Controlling Interest (NCI) (4)			15,034		3,829		18		3,847

Summary of Significant Accounting Policies and Other Explanatory Information As at and for the year ended March 31, 2023

(₹ in lakhs)

(1) Formally known as Digility, Inc.

(2) Non Controlling Interest (NCI), refer note 10.1.

(3) Evolutionary Systems Private Limited merged with Trans American Information Systems Private Limited pursuant to demerger approval during the year and subsequently name has been changed to Mastek Enterprise Solutions Private Limited

(4) Acquired 100% with effect from August 01, 2022 (refer note 34(b))

(5) All the amounts mentioned above are after considering the elimination and consolidation adjustments.

45.1 Financial information of subsidiaries that have material non-controlling interests:

The Group has Mastek Enterprise Solutions Private Limited ('MESPL') (formerly known as Trans American Information Systems Private Limited), which is the only subsidiary with non-controlling interests that is material to the Group.

Proportion of total share capital held by non-controlling interests:

Name	Country of incorporation and operation	As at March 31, 2023	As at March 31, 2022
Mastek Enterprise Solutions Private Limited ('MESPL') (formerly known as Trans American Information Systems Private Limited)	India	10.00%	20.00%

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets	18,905	14,369
Non-current assets	40,913	40,574
Current liabilities	5,758	5,367
Non-current liabilities	1,796	1,712
Revenue from operations	39,990	32,198

Note: The profit or loss allocated to non-controlling interests (NCI) of the subsidiary during the reporting period and accumulated NCI of the subsidiary at the end of the reporting period (refer note 10.1)

Cash and cash equivalent

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents at the beginning of the year	1,293	928
Increase / (Decrease) in cash and cash equivalents during the year	(231)	365
Cash and cash equivalents at the end of the year	**1,062**	**1,293**

46 The Consolidated Financial Statements were authorised for issue by the board of directors on April 19, 2023.

47 Previous year's figures have been regrouped or reclassified wherever necessary to correspond with the current year classification/ disclosure, which are not considered material to these consolidated financial statements

These are the notes to the financial statements referred to in our report of even date

As per our Report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: April 19, 2023

For and on behalf of the Board of Directors of **Mastek Limited**

Ashank Desai
Chairman
DIN: 00017767

Rajeev Grover
Director
DIN: 00058165

Arun Agarwal
Global Chief Financial officer
Place: Mumbai
Date: April 19, 2023

Dinesh Kalani
Vice President - Group Company Secretary