

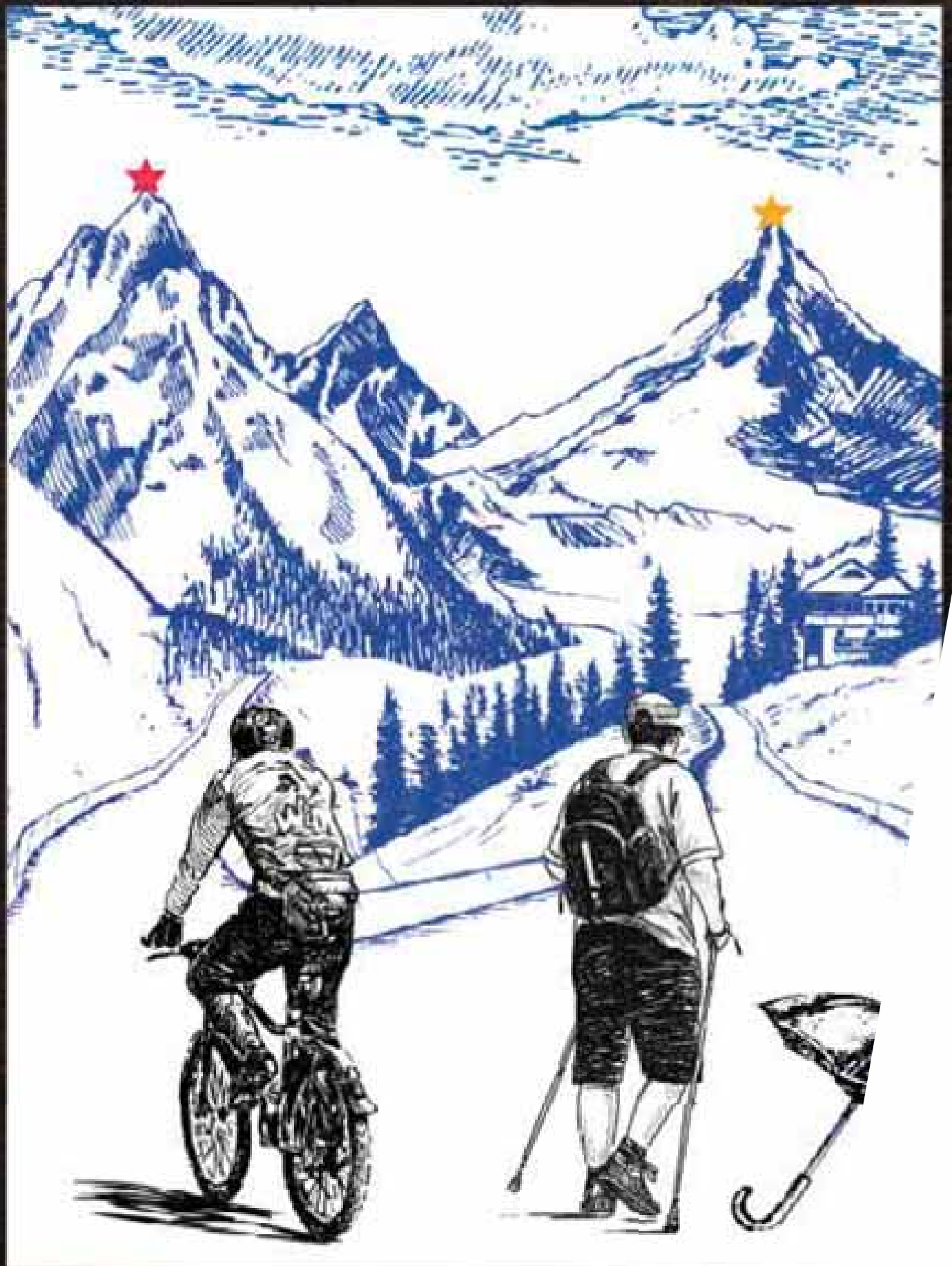
**Mastek**

Annual Report 2014-2015



# Moving Out From Under The Umbrella





# Courage And Vision To Let Grow

To paraphrase columnist Ann Landers, 'holding on' means believing that you have only a past; 'letting go' means you know you have a future.

Majesco's demerger from Mastek, initiated last year, was an unusual step for a mid-sized company in an era where the industry tries to achieve scale at any cost.

Our decision to demerge was based on the belief that:

**It takes great strength to hold on.**

**It takes great courage and vision to let go.**

The subsequent emergence of Mastek and Majesco as separate entities in their own fields of expertise is opening up whole new vistas of opportunities hitherto unavailable or inaccessible.

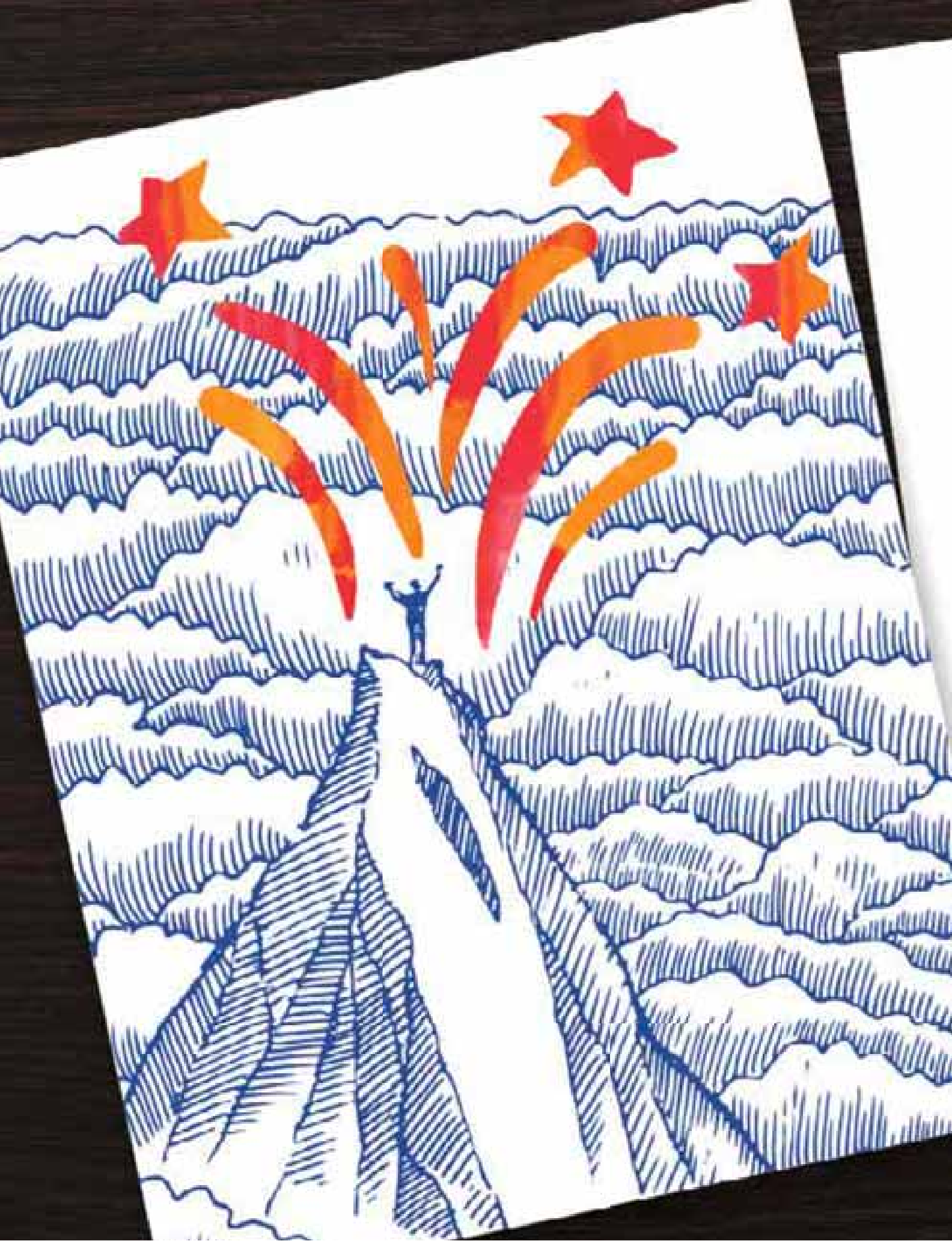
What's more, in the coming months, it'll be evident that the management of each company is now more focused and is prioritising investment and growth strategies to maximise stakeholder returns in a way that could not occur when under the one umbrella.

Not that being under the umbrella has been without merit: as you know, for over three decades, Mastek has thrived on delivering transformational business outcomes for our customers and society in general. The journey has made Mastek not just another IT company, but an institution with a 'soul', seeking to make a valuable difference to the world. Our insistence that maintaining a spotless reputation over the long run is more important than short-term growth and profits, has ensured that every stakeholder benefits - a "Win For All" situation. However, it became apparent that Mastek actually had two entities under the umbrella—with both being restricted and constrained from expressing themselves out fully.

The Solutions business is quite different from the Insurance Products & Services business in terms of business model, growth opportunities, investment required and staff profile. Holding on would severely limit the growth potential of both entities.

The demerger objectives revolve around one single premise—"Maximizing Stakeholder Value":

- To provide an opportunity for shareholders to participate in the business of their choice based on their risk preference.
- To fully meet growing customer expectations in both parts of the business – making the investments necessary to build products and capabilities.
- To attract, grow and retain the right talent for each type of business.
- To create a platform for each to enhance financial flexibility to pursue next stage of growth.





# Majesco – Poised To Become A Dominant Insurance Technology Solutions Provider

Majesco's *raison d'être* is to enable transformation of Insurance businesses globally by providing technology solution encompassing software products, consulting and services.

And we have been rather successful at this: we made 4 different acquisitions, invested over \$110 million, successfully integrated these businesses and then grown them organically. Our 2014-15 fiscal pro-forma annualized revenue is \$86 million. We have 1,800 staff globally and a presence in six countries.

Recently, we acquired the business of Agile Technologies to add consulting capabilities to our portfolio. Plus we have the merger with Cover-All in progress, which brings commercial lines policy and business intelligence solutions to Majesco customers.

What this means is that the future promises even more exciting possibilities. And Majesco, in its new avatar, is well suited to leverage growth opportunities!

- We already have strong momentum. Our core P&C

business has grown by 23% CAGR over last two years – a demonstration of the strength of our product suite and our sales engine.

- We have a base of over 150 global customers including customers of Agile and Cover-All. This is our most valuable asset.
- We have a comprehensive suite of offerings which is well regarded in the industry.
- We have an experienced leadership team with a track record of growing insurance technology businesses.

## **Majesco's Focus – Growth, Growth And More Growth**

The acquisition of Agile Technologies, and the Cover-All merger provide us growth opportunities and dominant positions in many parts of the Insurance business.

In the near future, we hope to build upon and scale up our track record of growth and momentum in the P&C business. We have cross sell opportunities to our expanding client base. For example, we have an opportunity to sell our billing

solution to Cover-All policy customers, and we have an opportunity to offer the Cover-All Business Intelligence platform to Majesco clients.

Our Life & Annuity and Insurance Services businesses are operating from a smaller, more nimble base, and therefore have strong growth opportunities.

The cloud is a fast growing part of our business, providing exciting opportunities in data and content services as well.

And of course, there are huge growth opportunities in international businesses, which benefit from our insurance focus and synergies from other regions.

All in all, Majesco is right there in the middle of a vibrant industry which is large and growing. We firmly believe that leaders in the insurance technology space will take a larger piece of the market share and that is exactly what we aim to do.





# Mastek – Agile Solutions For The Digital Age

The Digital Age has seen the ways in which customers interact with businesses, move from physical channels to virtual channels. Customers expect to transact at any time on any device and brand loyalty is a thing of the past—customers demand the right product at the right price and a great user experience or they will go elsewhere. This also has a fundamental impact on Government, as citizens now demand the same level of experience when engaging with the public sector – it must be engaging, accessible from any where and available at any time.

Mastek has always thrived on large, complex programmes which deliver transformational business outcomes for our customers and society in general. These programmes are full of uncertainty, highly complex and take extraordinary levels of commitment, desire and flexibility to successfully deliver. It is precisely these qualities that our clients love about us. These core competencies of Mastek position us as a partner of choice for customers embarking on a digital transformation programme.

Mastek currently operates in UK and India & Asia Pacific and these geographies will remain our focus for FY15-16. We aspire to return to North America in the medium term and will begin

examining the market opportunity and plans for market entry during FY16-17. Our core service offerings will be Agile Enterprise Transformation; Next Generation Service Management; Business Intelligence and Analytics; Enterprise Digital; and, Testing.

## Verticals

### Government And Health (UK)

Mastek has built a strong base within the G Cloud platform – as one of the top agile application vendors. From our work on Home Office, HSCIC, Monitor and the NHS National Spine, we are now building a strong brand in UK Government. Our focus will continue to be on central rather than local government and our experience in delivering complex IT programmes using agile methods is a strong differentiator for us.

### Retail

With the recent new logos in the Retail sector, Mastek has built up an impressive client base of Tier1 retailers. Our reputation at our anchor client, Morrisons, continues to grow and we have transitioned from a business that had little understanding of retail to one which brings innovation and thought leadership to our customers and prospects. Our reputation, client list and focus on building assets gives us solid basis for growth in the coming years.

## Financial Services

With the separation of our Insurance business, FY15-16 will see a reset of our Financial Services strategy – i.e. identification of our target markets, our value propositions and our approach to sales and marketing. Financial Services has been a major contributor to the success of Mastek in FY14-15 and once the strategy is in place, we expect to grow our pipeline substantially.

## India Government

We have established a strong position in rolling out state-wide IT programs in the Social Welfare domain. We will continue to add newer customers and strengthen the framework with latest technology interventions. As part of the focus on new businesses, we entered into a JV with the Law Society during 2014-15 to develop a conveyancing portal for the UK market. During FY15-16, we will explore potential to expand into adjacent markets with foundation steps taken in at least one such target market. In summary, both businesses and governments want to digitally transform. These programmes need specialized skills, capabilities and track record. Mastek is well poised to leverage this growing opportunity within the UK and India in the short run, and in the US and Europe in the medium run.



## Letter To Shareholders

Dear Shareholders,  
It gives me great pleasure to share my thoughts on the key developments of the fiscal year 2015 of our Company. I would say it was a milestone year, as we continued to grow strategically and strengthened the foundations for the future.

Let me first touch upon the key strategic moves that the Company undertook this year before we dwell into the operational highlights of the year gone past.

Mastek as a company was built on foundations of a strong technology focus coupled with deep domain competencies in the insurance vertical as well as the government practice. While each of the businesses had its own strengths and focused on specific markets and geographies, there were instances where the Board felt that the two businesses were dissimilar with its own business model, investment requirements, growth rate potential, and even the kind of

people needed to service those businesses. As a result, the Board decided to carve the insurance products business out of Mastek into a separate entity called Majesco which will focus on Insurance Products while the parent Company will continue to be in the solutions space.

The demerger is a win-win for all concerned as the individual businesses will get enhanced management focus and operational flexibility apart from independently pursuing

their growth plans through organic/inorganic means. The arrangement also creates a platform for both businesses to enhance their financial flexibility. Most importantly, it provides the shareholders to participate in a business of their choice based on the risk-reward profile. On demerger, Mastek shareholders will get one equity share of Majesco for every share held in Mastek, over and above their existing Mastek shares. Majesco is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed.

This apart, we also strengthened our insurance products business by announcing two acquisitions in the US in the second half of fiscal 2015. The first one was the acquisition of the insurance business of Agile Technologies which is in the insurance consulting side with a revenue base of approx. US\$ 10 million. This acquisition was completed by Majesco, the US subsidiary of your company effective January 1, 2015 and has been integrated into Majesco as the Insurance Consulting Division (ICD). The second acquisition pertains to Cover-All Technologies, a US based P&C company with revenues in excess of US\$ 20 million and currently listed on the NYSE-MKT. Majesco plans to merge Cover-All Technologies with itself in a 100% stock for stock transaction and in turn

plans to list Majesco on the NYSE-MKT, subject to regulatory and shareholder approvals. We expect this transaction to get closed by June 2015. We believe that these acquisitions add a lot of muscle and power to our already strong insurance practice in the US and will enable us to actively compete for larger and more complex assignments in the future.

On the solutions side, we entered into 'Shareholders Agreement' with The Law Society of England and Wales (TLS), United Kingdom to establish an entity in United Kingdom named Legal Practice Technologies Limited (LPTL). LPTL is in the process of building a platform which is a conveyancing portal to be used by solicitors on real estate transactions and we have already garnered sufficient interest from the legal community in the UK. I think the Veyo portal should do very well in terms of getting a good market share of all the real estate transactions happening in the UK as we go along.

On the solutions side, Mastek sees traction building up in the UK through the G-Cloud framework that I shared with you last year. This is largely a UK government initiative to structure smaller deals and procure directly through the

small/medium players rather than go on for large/huge programs which have had a high failure rate which plays to our advantage. We are making considerable progress on the retail front too, where apart from a large marquee client, we have had entries into three Tier-I accounts which sets us up to build a strong pipeline of growth ahead. On the financial services side, given that Insurance is now part of Majesco, we have turned our attention to micro-lending where we have started winning multiple deals. India was a bit slow last year due to the elections but the new government has announced its intentions of bolstering the IT framework and we do believe that there will be a lot of large unbundled opportunities that Mastek can address.

Turning towards the operational highlights, we ended year FY 15 with operating revenue of Rs 1,012.6 crore as compared to Rs 923.0 crore in FY 14 reflecting an increase of 9.7% in rupee terms and 8.1% in constant currency dollar terms. We posted an EBITDA of Rs 61.0 crore (5.9% of total income) as compared to an EBITDA of Rs 101.3 crore (10.8% of total income) in the corresponding period of the previous year. The Net profit stood at Rs 17.7 crore as against Rs 51.8 crore in FY 14. The EBITDA and the Net Profit

figures were down this year due to restatement of revenues at one insurance client, increased product development expenses during the year, loss on our joint venture with LPT which has just started operations as well as the restructuring costs associated with demerger of the Company into insurance product and solutions business.

There was a good addition to the client portfolio in the year and we added quite a few names to our insurance portfolio and also some in the government space. The total number of clients added this year was 19 for the period ended March 31, 2015 taking the total number of clients to 153 on a trailing twelve month basis. Our order backlog, which is an indicator of the business momentum, ended the year at Rs 526.8 crore as compared to Rs 541.8 crore in FY 14. The total cash & cash equivalent on the books stands at Rs 214.3 crore as compared to Rs 171.1 crore in the corresponding period of the previous year. Net cash balance after setting off the debt stands at Rs 185.0 crore as of 31st March, 2015 as compared to Rs 169.7 crore at the end of 31st March, 2014.

During the year, we declared an interim dividend @ 30% i.e. Rs 1.50 per Equity Share of Rs. 5.

Along with the final dividend of Rs 1.00 per Equity Share, Total Dividend for the year including Interim Dividend works out to 50%.

Our Company continues to receive many accolades and awards either directly or through its clients including being ranked 71st in the leader category in the Global Outsourcing 100 awarded by IOAP and Majesco US was positioned as a Leader in Gartner's First Quadrant for P & C Insurance Policy Management Modules.

To summarize, I believe our Company is working to build an aggressive growth strategy to capitalize on the opportunities in the Insurance and Solutions segment. We have tried to grow our capacity to enable client transformation through demerger, selective acquisitions, as well as investments in our existing services. We have invested over \$110 million in acquisitions and R&D over the last eight years. The demerger provides both the Insurance Product and Solutions business a huge platform to take off and I am sure all of you would continue this journey with us as we await the legal formalities to complete the demerger process and begin life as two new companies.

On behalf of the Board of Directors, I would like to place my sincere appreciation to our customers, partners, shareholders, employees and vendors for their support.

Best Regards



Sudhakar Ram  
Managing Director and Group CEO

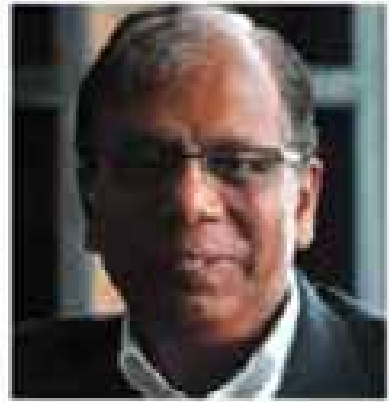
# Mastek Board Of Directors



**Mr. Sudhakar Ram**  
Managing Director & Group CEO



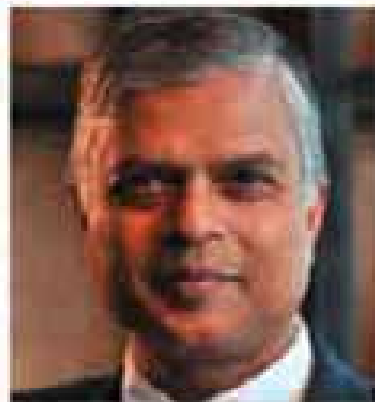
**Mr. S. Sandilya**  
Chairman & Non Executive Director  
(Independent)



**Mr. Radhakrishnan Sundar**  
Executive Director



**Mr. Ashank Desai**  
Non Executive Director



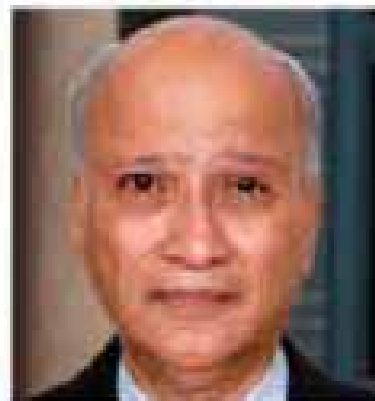
**Mr. Ketan Mehta**  
Non Executive Director



**Mr. Venkatesh Chakravarty**  
Non Executive Director (Independent)



**Ms. Priti Rao**  
Non Executive Director (Independent)



**Dr. Arun Maheshwari**  
Non Executive Director (Independent)



**Mr. Atul Kanagat**  
Non Executive Director (Independent)

## MASTEK LIMITED

Regd. Office: 804/805, President House, Opp. C.N. Vidyalaya, Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006  
(CIN: L74140GJ1982PLC005215) website: www.mastek.com; Phone: +91-22-6695 2222; Fax +91 22-66951331

### NOTICE TO MEMBERS

**NOTICE** is hereby given that the Thirty Third Annual General Meeting of **MASTEK LIMITED** will be held on Monday, August 17, 2015 at Ahmedabad Management Association Hall's H. T. Parekh Hall, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015 at 11.00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for year ended March 31, 2015, the Balance Sheet as on that date together with reports of the Directors and the Auditors thereon and the Consolidated Financials for year ended March 31, 2015 along with the Auditors' Report thereon.
2. To declare a Final Dividend on Equity Shares of the Company and confirm the Interim Dividend declared and paid at ₹ 1.50 per share.
3. To appoint a Director in place of Mr. Ashank Desai (DIN 00017767), and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N), as Auditors of the Company under Section 139 of the Companies Act, 2013.

#### SPECIAL BUSINESS:

##### 5. **Payment of Certain Benefits/Perquisites to Mr. Ashank Desai**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and rules made thereunder and subject to all such permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of certain benefits/perquisites as mentioned herein below to Mr. Ashank Desai, Non-Executive Director of the Company, who is neither in Whole-time employment nor a Managing Director of the Company over and above the sitting fees and eligible commission payable to him as a Non-Executive Director:

- residence telephone expenses (including Internet Connection) incurred by Mr. Desai for official purposes, mobile bills and credit card fees;
- payment of premium for Mediclaim and Personal Accident (PA) policy covering Mr. Desai and his family and further renewal of the Mediclaim and Personal Accident policy covering Mr. Desai and his family;
- exclusive use of Chauffeur driven Company car maintained by Company.

**RESOLVED FURTHER THAT** the monetary value of the above perquisites/facilities, shall not exceed ₹ 15 Lakhs per annum for a period of 3 years from July 1, 2015 till June 30, 2018. Taxes, if any on the above perquisites/facilities will be borne by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take all the steps as may be necessary, proper and expedient to give effect to this resolution."

#### NOTES:

##### 1. **A MEMBER ENTITLED TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

2. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect items of Special Business to be transacted at the Annual General Meeting is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from August 10, 2015 to August 17, 2015 (both days inclusive) for the purpose of payment of Final Dividend, if declared at the Annual General Meeting.

4. The Final Dividend on Equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid to the eligible shareholders on or after August 24, 2015 and before September 15, 2015.

5. Members are requested to Immediately notify any change in their address and E-mail IDs to the Registrar and Share Transfer Agent of the Company at the following address:

Sharepro Services (I) Pvt. Ltd.  
Samhita Warehousing Complex  
13AB, Gala No. 52,  
Nr. Sakinaka Telephone Exchange,  
Off Andheri-Kurla Road,  
Andheri (East)  
Mumbai – 400 072

6. The Unclaimed Final Dividend for the financial year ended June 30, 2007 & Interim Dividend for the financial year 2007-08 has been transferred to the Investor Education and Protection Fund (IEPF) as per provisions under Section 205 (c) of the Companies Act, 1956.

7. Members who have not yet encashed their Final Dividend warrants for the financial year ended June 30, 2008 and thereafter, are requested to make their claims to the Company/Registrar and Share Transfer Agent.

8. Members are requested to bring the duly filled Attendance slip along with their copy of the Annual Report at the time of attending the Meeting. Please note that Annual Report copies shall not be available/distributed at the AGM Hall.

9. Members are requested to join the Company in supporting the Green Initiative taken by Ministry of Corporate Affairs ("MCA") to effect electronic delivery of documents including Annual Report and other documents to the members at the e mail address registered for the said purpose. We request the members to register their e-mail address with their Depository Participant (DP) or with Sharepro Services (I) Pvt. Ltd, Registrar and Share Transfer Agent of the Company, for sending various Notices, Annual Report and other documents through Electronic Mode.

10. Members may note that Annual Report for 2014-15 including Notice of the Thirty third Annual General Meeting will also be available on the Company's website www.mastek.com for their download.

11. Pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and administration) Rules, 2015 and clause 35B of the Listing agreement with the Stock exchanges, the Company is providing its members with the option of voting by electronic means.

#### Procedure and Instructions for E-Voting

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.



- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on August 13, 2015 (9:00 am) and ends on August 16, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 10, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting then you can use your existing password for casting the vote. If you have forgot your password, you can reset your password by using "Forget User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Mastek Limited".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [pcsbhishekbhate@gmail.com](mailto:pcsbhishekbhate@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM:  
**EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 10, 2015.
- X. Any person, who acquires shares of the Company and becomes member of the Company after 17th July, 2015 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. August 11, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA email id [nileshb@shareproservices.com](mailto:nileshb@shareproservices.com) .
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Abhishek Bhate Practicing Company Secretary holding certificate of practice number 10230 has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.mastek.com](http://www.mastek.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchanges where the shares of the Company are listed.

## NOTICE (contd.)

12. Information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, relating to the Code of Corporate Governance, regarding Directors seeking re-appointment is as follows:

| <b>Name of Director</b>                             | <b>Mr. Ashank Desai</b>   |
|---|---|
| Resume of the Director                              | Mr. Ashank Desai, is B.E. from Mumbai University and in graduating year, held the second rank in the University. He holds a M. Tech Degree from the Indian Institute of Technology, Mumbai. He also holds Post Graduate Diploma in Business Management (PGDBM) granted by the IIM Ahmedabad, from where he graduated in 1979. He worked with Godrej and Boyce before founding the Company. He is a founder member and ex-chairman of NASSCOM and is also actively associated with several government bodies and trade associations. |
| Year of Joining the Board                           | 1982  |
| Expertise in specific functional Measuring and Area | Mr. Desai has significant experience due to his status as a prominent figure in both India and global IT arena. Mr. Desai, a founding member of NASSCOM, was also the President of Asian-Oceanic Computing Industry Organization (ASOCIO). He has expertise in all key functions relevant to the Company's operations   |
| Other Directorships                                 | 1. Mastek (UK) Ltd<br>2. Majesco, USA<br>3. Majesco Software and Solutions Inc.<br>4. Majesco, Canada   |
| Chairman/member of Committees of the Company        | 1. Audit Committee- Member<br>2. Governance Committee- Chairman<br>3. Corporate Social Responsibility Committee- Member   |
| No of Board Meetings attended during the year       | 7   |
| No of shares held in the Company                    | 3,099,552   |

Save and except Mr. Ashank Desai, no other Director and Key Management Personnel is in any way interested or concerned in the Resolution.

The Board of Directors recommend passing of the aforesaid Resolution as an Ordinary Resolution.

By Order of the Board of Directors,  
For **Mastek Limited.**

Sd/-

Date: June 01, 2015  
Place: Mumbai

**Bhagwant Bhargawe**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 5.****Payment of certain Benefits/Perquisites to Mr. Ashank Desai:**

Mr. Ashank Desai, one of the founders of the Company, being a Non-Executive Director, represents the Company at various industry and public forums, both domestic and international. In view of his long association and in-depth knowledge of the Company and the industry, the Company is immensely benefited by his continuous interaction with Government/Semi- Government organizations. He has been actively involved with industry forums such as NASSCOM, ASSOCHAM and CII. Mr. Desai is the Chairman of Mastek Limited's Corporate Governance Committee and member of Audit Committee and Corporate Social Responsibility Committee.

The Company had applied to the Central Government for approval to make payment of benefits/perquisites such as re-imbursment of telephone bills, mobile bills, credit card fees, premium for Mediclaim and Personal Accident policy (covering Mr. Ashank Desai and his family) and use of Chauffeur driven Company car maintained by Company.

The Central Government had vide their letter No. SRN No. B64202435/4/2012-CL-VI dated September 19, 2013 approved the payment of said Benefits/Perquisites to Mr. Desai of an amount not exceeding ₹ 15 Lakhs per annum for a period of 3 (three) years with effect from July 1, 2012 to June 30, 2015.

The Board has proposed to continue to pay to Mr. Ashank Desai as a Non-Executive Director, Benefits/Perquisites such as re-imbursment of telephone bills, mobile bills, credit card fees, premium for Mediclaim and Personal Accident policy (covering Mr. Ashank Desai and his family) and use of Chauffeur driven Company car maintained by Company for a further period of 3 (three) years from July 1, 2015 till June 30, 2018, over and above the payment of sitting fees and eligible commission. The Monetary value for the said benefits/perquisites shall not exceed Rs. 15 Lakhs per annum. Taxes if any on the above will be borne by the Company.

During the preceding three financial years, the amount of Benefits/Perquisites Paid to Mr. Ashank Desai are as follows:-

| Sr. No. | Financial Year | Amount in Rs. |
|---------|----------------|---------------|
| 1       | 2014-2015      | 234,804/-     |
| 2       | 2013-2014      | 130,875/-     |
| 3       | 2012-2013      | 143,873/-     |

Save and except Mr. Ashank Desai, no other director and Key Managerial Personnel is in any way interested or concerned in the Resolution. The Directors recommend the passing of this resolution for the approval of the members.

By Order of the Board of Directors,  
For **Mastek Limited.**

Sd/-

Date: June 01, 2015  
Place: Mumbai

**Bhagwant Bhargawe**  
Company Secretary

# MASTEK GROUP

---

## **BANKERS**

ICICI Bank Limited

Standard Chartered Bank

## **COMPANY SECRETARY**

Bhagwant Bhargawe

## **AUDITORS**

Price Waterhouse Chartered Accountants, LLP.

## **REGISTERED OFFICE**

804/805, President House, Opp. C. N. Vidyalaya,

Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006, Gujarat, India

## **REGISTRAR AND SHARE TRANSFER AGENT**

Sharepro Services (India) Private Limited,

Samhita Warehousing Complex, 13AB, Gala No. 52,

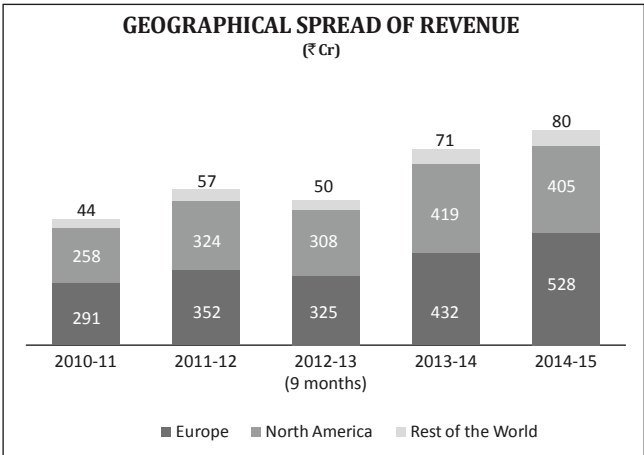
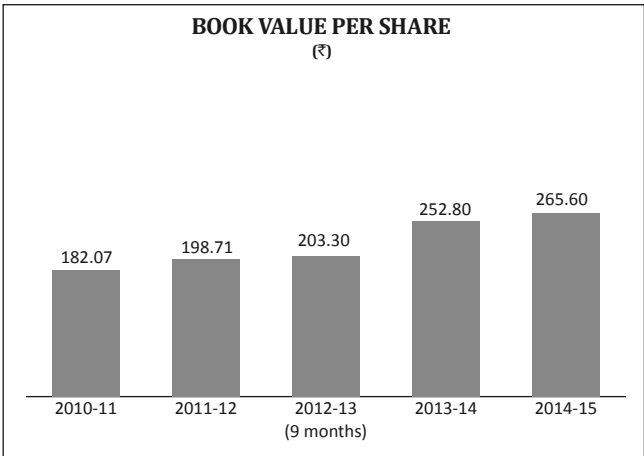
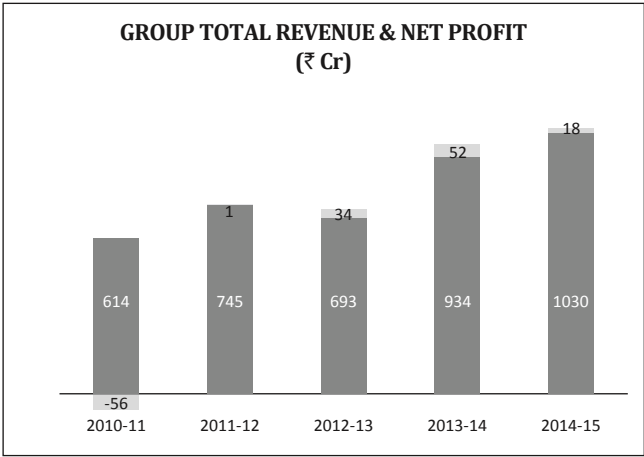
Near Sakinaka Telephone Exchange,

Off Andheri Kurla Road,

Andheri (East), Mumbai - 400 072, India

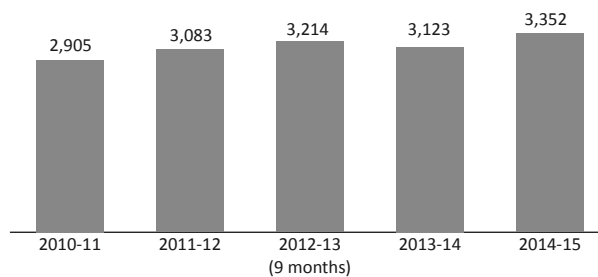
Phone No. 6772 0300 / 6772 0400

# PERFORMANCE ANALYSIS OF MASTEK GROUP

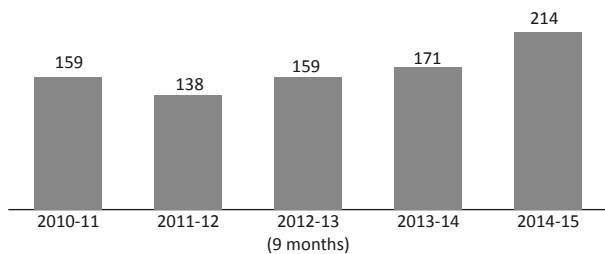


## PERFORMANCE ANALYSIS OF MASTEK GROUP (Contd.)

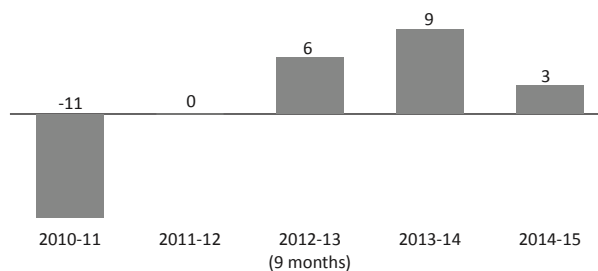
**GROUP EMPLOYEES STRENGTH (NUMBERS)**



**CURRENT INVESTMENT AND CASH & BANK BALANCE (₹ Cr)**



**RETURN ON NETWORTH (%)**





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**MASTEK GROUP**

# INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MASTEK LIMITED

## Independent Auditors' Report

### To the Board of Directors of Mastek Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Mastek Limited ("the Company") and its subsidiaries and its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these consolidated financial statements to give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 10 below, and to the best of our information and according to the explanations given to us, in our opinion, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2015, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Other Matter

9. We did not audit the financial statements of five subsidiaries and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 28,453 Lakhs and net assets of ₹ 17,905 Lakhs as at March 31, 2015, total revenue of ₹ 56,239 Lakhs, net profit of ₹ 369 Lakhs and net cash flows amounting to ₹ 6,793 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse,  
Firm Registration Number: 012754N)

Mumbai  
April 22, 2015

**Pradip Kanakia**  
Partner  
Membership Number 39985

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Note    | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|---------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                         |         |                         |                         |
| <b>Shareholders' funds</b>                            |         |                         |                         |
| Share capital   | 3       | 1,127.33                | 1,108.03                |
| Reserves and surplus                                  | 4       | 58,458.19               | 54,910.98               |
|   |         | <b>59,585.52</b>        | 56,019.01               |
| <b>Non-current liabilities</b>                        |         |                         |                         |
| Long-term borrowings                                  | 5       | 1,960.66                | 135.42                  |
| Other long-term liabilities                           | 6       | 693.75                  | –                       |
| Long-term provisions                                  | 7       | 2,021.35                | 2,481.93                |
| <b>Current liabilities</b>                            |         |                         |                         |
| Short-term borrowings                                 | 8       | 918.75                  | –                       |
| Trade payables  | 9       | 1,255.48                | 388.17                  |
| Other current liabilities                             | 10      | 15,050.76               | 13,984.57               |
| Short-term provisions                                 | 11      | 1,682.52                | 2,363.83                |
| <b>Total</b>  |         | <b>83,168.79</b>        | 75,372.93               |
| <b>ASSETS</b>   |         |                         |                         |
| <b>Non-current assets</b>                             |         |                         |                         |
| Fixed assets  |         |                         |                         |
| Tangible assets                                       | 12 (i)  | 6,582.71                | 7,251.75                |
| Intangible assets                                     | 12 (ii) | 21,304.31               | 18,830.18               |
| Capital work-in-progress                              |         | 131.11                  | 33.66                   |
| Non-current investments                               | 13      | 240.84                  | 254.76                  |
| Deferred tax assets                                   | 14      | 2,376.09                | 2,250.95                |
| Long-term loans and advances                          | 15      | 5,003.79                | 6,174.92                |
| Other non-current assets                              | 16      | 309.58                  | 26.46                   |
| <b>Current assets</b>                                 |         |                         |                         |
| Current investments                                   | 17      | 5,121.20                | 8,140.00                |
| Trade receivables                                     | 18      | 13,349.01               | 11,678.27               |
| Cash and bank balances                                | 19      | 16,303.81               | 8,973.26                |
| Short-term loans and advances                         | 20      | 3,547.21                | 2,356.17                |
| Other current assets                                  | 21      | 8,899.13                | 9,402.55                |
| <b>Total</b>  |         | <b>83,168.79</b>        | 75,372.93               |
| Summary of significant accounting policies            | 2       |                         |                         |
| Contingent Liabilities, capital and other commitments | 22, 23  |                         |                         |

The accompanying notes are an integral part of these consolidated financial statements  
In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

For and on behalf of the Board

**Pradip Kanakia**  
Partner  
Membership Number: 39985

**Sudhakar Ram**  
Managing Director and Group CEO

Mumbai, April 22, 2015

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Note | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------|------------------------------|------------------------------|
| Revenue from operations                                       | 24   | <b>101,258.39</b>            | 92,302.29                    |
| Other income  | 25   | <b>1,711.34</b>              | 1,125.91                     |
| <b>Total revenue</b>  |      | <b>102,969.73</b>            | 93,428.20                    |
| Expenses  |      |                              |                              |
| Employee benefits expenses                                    | 26   | <b>62,055.43</b>             | 56,481.48                    |
| Finance costs   | 27   | <b>147.10</b>                | 67.98                        |
| Depreciation and amortization expenses                        | 28   | <b>3,733.43</b>              | 3,287.28                     |
| Other expenses  | 29   | <b>33,640.53</b>             | 26,816.72                    |
| <b>Total expenses</b>   |      | <b>99,576.49</b>             | 86,653.46                    |
| <b>Profit before exceptional item and tax</b>                 |      | <b>3,393.24</b>              | 6,774.74                     |
| Exceptional items   | 30   | <b>1,166.12</b>              | –                            |
| Profit before tax   |      | <b>2,227.12</b>              | 6,774.74                     |
| Profit from continuing operations before tax                  |      | <b>3,605.94</b>              | 3,609.16                     |
| <b>Tax expense from continuing operations:</b>                |      |                              |                              |
| Current tax   |      | <b>1,758.43</b>              | 1,143.94                     |
| Less: Minimum alternate tax credit entitlement                |      | –                            | (91.54)                      |
| Net Current tax (Share of joint venture ₹ Nil)                |      | <b>1,758.43</b>              | 1,052.40                     |
| Deferred tax (credit) / charge (Share of joint venture ₹ Nil) |      | <b>(81.46)</b>               | 216.21                       |
| Income tax refund / write back for earlier years              |      | <b>(1,718.69)</b>            | (724.52)                     |
| Profit from continuing operations after tax                   |      | <b>3,647.66</b>              | 3,065.07                     |
| (Loss) / Profit from discontinuing operations before tax      | 49   | <b>(1,378.82)</b>            | 3,165.58                     |
| Tax expense from discontinuing operations                     |      | <b>495.79</b>                | 1,051.09                     |
| (Loss) / Profit from discontinuing operations after tax       |      | <b>(1,874.61)</b>            | 2,114.49                     |
| Profit for the year   |      | <b>1,773.05</b>              | 5,179.56                     |
| Earning per equity share                                      | 31   |                              |                              |
| Basic (Face value of ₹ 5 each)                                |      | <b>₹ 7.94</b>                | ₹ 21.08                      |
| Diluted (Face value of ₹ 5 each)                              |      | <b>₹ 7.57</b>                | ₹ 20.82                      |
| Summary of significant accounting policies                    | 2    |                              |                              |

The accompanying notes are an integral part of these consolidated financial statements  
In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

**Pradip Kanakia**  
Partner  
Membership Number: 39985

Mumbai, April 22, 2015

For and on behalf of the Board

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>   |                              |                              |
| Profit before exceptional item and tax, including discontinuing operations              | 3,393.24                     | 6,774.74                     |
| Adjustments for :   |                              |                              |
| Interest income   | (567.88)                     | (444.60)                     |
| Reversal of accrued revenue   | 864.02                       | -                            |
| Employee stock compensation expenses  | 131.75                       | -                            |
| Finance costs   | 132.54                       | 55.53                        |
| Depreciation and amortisation   | 3,733.43                     | 3,287.28                     |
| Provision / (Reversal of provision) for cost overrun on contracts, net                  | 192.36                       | (124.63)                     |
| Provision for doubtful debts  | 554.32                       | 109.41                       |
| Bad debts written off   | 60.01                        | 9.39                         |
| Profit on sale of fixed asset, net  | (26.00)                      | (0.56)                       |
| Profit on sale of current investments   | (789.18)                     | (435.79)                     |
| (Reversal) / Provision for Customer Claim   | (109.89)                     | 330.47                       |
| Operating profit before working capital changes   | 7,568.72                     | 9,561.24                     |
| (Increase) / Decrease in trade receivables  | (2,738.63)                   | 5,452.24                     |
| Increase in loans and advances and other assets   | (313.12)                     | (940.71)                     |
| Increase / (Decrease) in trade payables, other liabilities and provisions               | 2,221.04                     | (2,863.42)                   |
| Cash generated from operations  | 6,738.01                     | 11,209.35                    |
| Income taxes refunds received / (paid), net   | 105.68                       | (2,297.78)                   |
| Net cash generated from operating activities before exceptional items                   | 6,843.69                     | 8,911.57                     |
| Amount paid for restructuring expenses  | (945.40)                     | -                            |
| Net cash generated from operating activities  | 5,898.29                     | 8,911.57                     |
| <b>Cash flows from investing activities</b>   |                              |                              |
| Proceeds from sale of tangible assets   | 75.70                        | 2.63                         |
| Purchase of tangible and intangible assets, net of capital work-in-progress capitalised | (4,924.90)                   | (2,658.01)                   |
| Interest received   | 628.41                       | 401.75                       |
| Sale proceeds of current investments  | 53,204.80                    | 53,032.99                    |
| Investment in fixed deposits having maturity over three months                          | (2,019.02)                   | (726.59)                     |
| Purchase of current investments   | (49,396.82)                  | (57,037.20)                  |
| Net cash used in investing activities   | (2,431.83)                   | (6,984.43)                   |
| <b>Cash flows from financing activities</b>   |                              |                              |
| Proceeds from issue of shares under the employee stock option schemes                   | 558.80                       | 5.98                         |
| Payment made to shareholders on buyback of shares                                       | -                            | (5,417.09)                   |
| Proceeds from working capital loan, net   | 918.75                       | -                            |
| Proceeds from long term loan  | 1,875.00                     | -                            |
| Repayment of finance lease obligation   | (45.74)                      | (40.44)                      |
| Dividends paid including dividend distribution tax paid                                 | (973.90)                     | (1,174.85)                   |
| Interest paid on loans and on finance lease   | (132.54)                     | (55.53)                      |
| Net cash generated from / (used) in financing activities                                | 2,200.37                     | (6,681.93)                   |
| Effect of changes in exchange rates for cash and cash equivalents                       | (386.11)                     | 791.83                       |
| <b>Net increase / (decrease) in cash and cash equivalents during the year</b>           | <b>5,280.72</b>              | <b>(3,962.96)</b>            |
| <b>Cash and cash equivalents at the beginning of the year</b>                           | <b>7,131.72</b>              | <b>11,094.68</b>             |
| <b>Cash and cash equivalents at the end of the year</b>                                 | <b>12,412.44</b>             | <b>7,131.72</b>              |

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents - Refer Note 19.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped or reclassified wherever necessary.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

For and on behalf of the Board

**Pradip Kanakia**  
Partner  
Membership Number: 39985

Mumbai, April 22, 2015

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

## 1. General Information :

Mastek Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company, its subsidiaries and the joint venture (collectively referred hereinunder as "the Group") are providers of vertically-focused enterprise technology solutions and platforms in Insurance (Life, Pensions and General), Government / Public Sector, and Financial Services sectors. The Group is in the process of splitting its business into two separate businesses - 'Insurance Products and Services business' and 'Solution business' through a demerger scheme (Refer note 49).

The Group's offering portfolio includes business and technology services comprising of IT Consulting, Application Development, Systems Integration, Application Management Outsourcing, Testing, Data Warehousing and Business Intelligence, Application Security, CRM services and Legacy Modernisation. The Group has operations in US, Canada, UK, India and Asia-Pacific and has its offshore software development centres in India at Mumbai, Pune, Chennai and Mahape.

**The details of subsidiaries including step-down subsidiaries, considered in these consolidated financial statements are:**

| Name of the Company  | Country of Incorporation | % of voting power held as at March 31, 2015 | % of voting power held as at March 31, 2014 |
|--|--------------------------|---|---|
| Majesco (Formerly - MajescoMastek )  | USA                      | 100%  | 100%  |
| Mastek (UK) Limited  | UK                       | 100%  | 100%  |
| Majesco UK Limited #   | UK                       | 100%  | -   |
| Mastek Asia Pacific Pte Ltd.   | Singapore                | 100%  | 100%  |
| Majesco Software and Solutions India Private Limited ##  | India                    | 100%  | -   |
| Minefields Computers Limited (Formerly - Minefields Computers Private Limited) ^                     | India                    | 99.99%                                      | -   |
| Majesco Sdn. Bhd. (Formerly - Mastek MSC Sdn. Bhd.)  | Malaysia                 | 100%  | 100%  |
| Majesco (Thailand) Co. Ltd. (Formerly - Mastek MSC (Thailand) Co. Ltd.)                              | Thailand                 | 100%  | 100%  |
| Vector Insurance Services LLC *  | USA                      | -   | 90%   |
| Majesco Software and Solutions Inc. (Formerly - MajescoMastek Insurance Software and Solutions Inc.) | USA                      | 100%  | 100%  |
| Majesco Canada Limited (Formerly - MajescoMastek Canada Limited)                                     | Canada                   | 100%  | 100%  |

**The details of Joint Venture considered in these consolidated financial statements are:**

| Name of the Company                                       | Country of Incorporation | % of voting power held as at March 31, 2015 | % of voting power held as at March 31, 2014 |
|---|--------------------------|---|---|
| Legal Practice Technologies Limited (w.e.f. May 14, 2014) | UK                       | 40%   | -   |

# Incorporated with effect from October 23, 2014 (Refer note 44)

## Incorporated with effect from October 21, 2014 (Refer note 45)

^ Acquired with effect from September 15, 2014 (Refer note 47)

\* Merged with Majesco w.e.f. March 15, 2015 (Refer note 46)

## 2. Summary of significant accounting policies:

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these consolidated financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Group has ascertained its normal operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

The financial statements of the Company, its subsidiaries and the joint venture (on a proportionate basis) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

## 2.2 Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

## 2.3 Tangible assets and depreciation

Tangible assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on the straight line method, on a pro rata basis, over the estimated useful lives of assets which are not longer than the useful lives prescribed under Schedule II to the Companies Act, 2013, in order to reflect the period over which the depreciable asset is expected to be used by the company. The estimates of useful lives of the assets based on a technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013.

| Assets                 | Useful Life  |
|------------------------|--|
| Buildings              | 25 - 30 years  |
| Computers              | 2 years  |
| Plant and equipment    | 2 - 5 years  |
| Furniture and fixtures | 5 years  |
| Vehicles               | 5 years  |
| Office equipment       | 2 - 5 years  |
| Leasehold land         | Lease Term ranging from 95-99 years                      |
| Leasehold improvements | 5 years or the primary period of lease whichever is less |

## 2.4 Intangible assets and amortisation

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line method over their estimated useful lives as follows:

| Assets            | Useful Life |
|-------------------|-------------|
| Goodwill          | 3 - 5 years |
| Computer software | 1 - 5 years |

Expenditure on research is recognised as an expense when it is incurred. Development costs of products are also charged to the Statement of Profit and Loss unless all the criteria for capitalisation as set out in paragraph 44 of AS 26 - 'Intangible Assets' have been met by the Group.

## 2.5 Impairment of assets

At each Balance Sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exists or many have decreased.

## 2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-current investments. Current investments are carried at cost or fair value, whichever is lower. Non-current investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the non-current investments, such reduction being determined and made for each investment individually.

Investment property: Investment in buildings that are not intended to be occupied substantially for used by, or in the operations of, the Group, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Refer note 2.3 for depreciation rate used for buildings.

## 2.7 Foreign currency transactions and translation

The consolidated financial statements are prepared in Indian Rupees. The Indian Rupee is the functional currency of Mastek Limited. However, U.S. Dollar, Pound Sterling, Singapore Dollar, Malaysian Ringgits, Thai Baht and Canadian Dollar are the functional currencies for its non-integral subsidiaries located in United States of America, United Kingdom, Singapore, Malaysia, Thailand and Canada, respectively. The translation of the functional currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates prevailing at the Balance Sheet date and for revenues and expenses using average exchange rates prevailing during the reporting period. All resulting exchange differences on translation are taken directly to reserves under Foreign Currency Translation Reserve until the disposal of the investment in subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

Foreign currency transactions of the Company and of its integral foreign branch are accounted at the exchange rates prevailing on the date of the transaction or at an average rate that approximates the actual rate at the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. 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 Statement of Profit and Loss.

In case of forward exchange contracts which are open on the balance sheet date and are backed by receivables, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. The exchange difference on such contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between a) the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, and b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. The exchange difference so computed on such contracts is recognised in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense for the year.

### 2.8 Interest in Joint Venture

The Group's interest in the Jointly controlled entity is accounted for using proportionate consolidation method.

### 2.9 Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

The use of hedging instruments is governed by the policies of the Company which are approved by its Board of Directors.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in the hedging reserve and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

For derivative financial instruments that do not qualify for hedge accounting, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss for the year.

### 2.10 Employee benefits

#### (i) Long-term employee benefits

##### (a) Defined contribution plans

The Company has defined contribution plans for post employment benefits in the form of provident fund, 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 Statement of Profit and Loss as incurred.

##### (b) Defined benefit plans

The Company has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India (LIC). Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

##### (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. Leave encashment vests to employees on an annual basis for leave balance above the upper limit as per the Group's policy. At the time of retirement, death while in employment or on termination of employment leave encashment vests equivalent to salary payable for number of days of accumulated leave balance subject to an upper limit as per the Group's policy. Liability for such benefit is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

#### (ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

#### (iii) Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or those arising from restructuring, are recognised in the 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 2.11 Revenue recognition

The Group derives revenues primarily from information technology services. Revenue is recognised in accordance with the terms of the contracts with customers as the service is performed by the proportionate completion method and when it is reasonably certain that the ultimate collection will be made. Revenues on time and material contracts are recognised when services are rendered and related costs are incurred. Revenues on fixed price, fixed time bound contracts are recognised over the life of the contract measured by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated. When the uncertainty, relating to the collectability arises subsequent to the rendering of the service, a separate provision is made to reflect the uncertainty and the amount of revenue originally recorded is not adjusted.

Revenues from maintenance contracts are recognised on a straight line basis over the period of the contract.

Revenues from resale of software and hardware are recognised upon delivery of products to the customer, when the significant risks and rewards of ownership are transferred to the buyer and the ultimate collection is reasonably certain.

Accrued revenue included in 'Other current assets', represents amounts in respect of services performed in accordance with contract terms, not yet billed to customers at the year end. Unearned revenue included in 'Other current liabilities' represents amounts received/billed in excess of the value of work performed in accordance with the terms of the contracts with customers.

### 2.12 Other income

Dividend income from investments is recognised when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate of interest. Rental income is recognised on a straight line basis over the term of the lease as per the terms of the base contract.

### 2.13 Leases

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets to the lessee i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – 'Leases', are capitalised. The assets acquired under finance leases are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as leased assets under tangible assets and are depreciated in accordance with the Group's depreciation policy described in note 2.3. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Assets given under operating leases are capitalised in the Balance Sheet under tangible assets and are depreciated as per the Group's depreciation policy described in note 2.3.

### 2.14 Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net loss / profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti-dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share.

### 2.15 Income Taxes

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 income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Current 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 2.16 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Expenses, net of income, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Common unallocable charges, net".

### 2.17 Accounting for Employee Stock Options

Stock options granted to employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) and as amended from time to time and the guidance note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortized portion of value of lapsed portion and a debit to share options outstanding account equal to the un-amortised portion.

### 2.18 Provisions and Contingent Liabilities

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 recognized as a separate asset, only when such reimbursement is virtually certain.

### 2.19 Cash and Cash Equivalents

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.

## 3. Share capital

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Authorised:   |                         |                         |
| 40,000,000 (March 31, 2014: 40,000,000) equity shares of ₹ 5/- each             | 2,000.00                | 2,000.00                |
| 2,000,000 (March 31, 2014: 2,000,000) preference shares of ₹ 100/- each         | 2,000.00                | 2,000.00                |
|   | <b>4,000.00</b>         | 4,000.00                |
| Issued, subscribed and fully paid up :  |                         |                         |
| 22,546,672 (March 31, 2014 : 22,160,680) equity shares of ₹ 5/- each fully paid | 1,127.33                | 1,108.03                |
| Total   | <b>1,127.33</b>         | 1,108.03                |

### (a) Reconciliation of the number of shares

|  | As at<br>March 31, 2015 |                 | As at<br>March 31, 2014 |          |
|--|-------------------------|-----------------|-------------------------|----------|
|  | No. of shares           | Amount          | No. of shares           | Amount   |
| Equity Shares  |                         |                 |                         |          |
| Balance as at the beginning of the year                              | 22,160,680              | 1,108.03        | 24,638,187              | 1,231.91 |
| Add : Addition on account of exercise of employee stock option plans | 385,992                 | 19.30           | 6,500                   | 0.32     |
| Less : Shares extinguished upon buy back                             | -                       | -               | (2,484,007)             | (124.20) |
| Balance as at the end of the year                                    | <b>22,546,672</b>       | <b>1,127.33</b> | 22,160,680              | 1,108.03 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

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

The Company has one class of equity shares having a par 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 in 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, in proportion to their shareholding.

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

| Equity Shares of ₹ 5/- each held by :     | As at<br>March 31, 2015 |              | As at<br>March 31, 2014 |              |
|---|-------------------------|--------------|-------------------------|--------------|
|   | No. of shares           | % of holding | No. of shares           | % of holding |
| Ashank Desai                              | 3,099,552               | 13.75%       | 3,099,552               | 13.99%       |
| Sudhakar Ram                              | 2,791,680               | 12.38%       | 2,791,680               | 12.60%       |
| Ketan Mehta                               | 2,519,100               | 11.17%       | 2,519,100               | 11.37%       |
| Fidelity Purita Trust Fidelity Low Priced | 1,650,000               | 7.32%        | 2,025,000               | 9.14%        |
| Radhakrishnan Sundar                      | 1,445,800               | 6.41%        | 1,445,800               | 6.52%        |
| Life Insurance Corporation of India *     | —                       | —            | 1,550,404               | 6.99%        |
| Ashish Dhawan +                           | —                       | —            | 1,313,935               | 5.93%        |

\* Shareholding as at March 31, 2015 is reduced to less than 5%.

+ Shareholding as at March 31, 2015 reduced to Nil.

### (d) Shares reserved for issue under options

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Number of shares to be issued under the employee stock option plans | 2,892,776               | 2,977,521               |

[Refer note 35(a) for details of shares to be issued under the Employee Stock Option Scheme]

### (e) Shares bought back (during 5 years immediately preceding March 31, 2015)

|                           | March 31, 2015 | March 31, 2014 | March 31, 2013 | June 30, 2012 | June 30, 2011 |
|---------------------------|----------------|----------------|----------------|---------------|---------------|
| Equity shares bought back | —              | 2,484,007      | 2,388,000      | —             | —             |

#### Shares bought back during the year ended March 31, 2014 :

At the meeting of the Board of Directors of the Company held on January 08, 2014, the Board had given consent for the buy back of Company's fully paid up equity shares of ₹ 5/- each from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1988 for an amount not exceeding ₹ 5,450 and for a price not exceeding ₹ 250/- per equity share. The number of shares to be bought back was subject to a minimum of 950,000 Equity Shares and a maximum of 3,200,000 Equity Shares.

Since the commencement of the buy back until the closure date (March 25, 2014), the Company had bought back 2,484,007 equity shares at an average price of ₹ 218.08/- per equity share. Consequently a sum of ₹ 5,417.09 had been utilised from General Reserve in respect of the buy back. Out of the amount utilised from General Reserve, an amount of ₹ 124.20 had been appropriated to the Capital redemption reserve account and the paid up share capital had been reduced by the same amount. The company had fully extinguished the shares bought back during the above mentioned period.

## 4. Reserves and surplus

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>Capital reserve</b>  | <b>21.44</b>            | 21.44                   |
| <b>Capital redemption reserve account</b>   |                         |                         |
| Balance as at the beginning of the year   | 1,538.87                | 1,414.67                |
| Add : Transferred from General reserve [Refer note: 3(e)]                             | —                       | 124.20                  |
| Balance as at the end of the year   | <b>1,538.87</b>         | 1,538.87                |
| <b>Securities premium account</b>   |                         |                         |
| Balance as at the beginning of the year   | 5.66                    | —                       |
| Add : Addition on account of exercise of shares under the employee stock option plans | 539.50                  | 5.66                    |
| Balance as at the end of the year   | <b>545.16</b>           | 5.66                    |
| <b>Employee stock options outstanding account</b>                                     |                         |                         |
| Addition on account of employee stock option plans                                    | 131.75                  | —                       |
| Balance as at the end of the year [Refer note 35(f)]                                  | <b>131.75</b>           | —                       |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

## 4. Reserves and surplus (Contd.)

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>General reserve</b>  |                         |                         |
| Balance as at the beginning of the year                                     | 2,597.83                | 7,494.92                |
| Less : Utilised for buy back of shares [Refer note: 3(e)]                   | -                       | (5,292.89)              |
| Less : Transferred to capital redemption reserve Account [Refer note: 3(e)] | -                       | (124.20)                |
| Add : Transfer from surplus in statement of profit and loss during the year | 180.00                  | 520.00                  |
| Balance as at the end of the year   | <u>2,777.83</u>         | <u>2,597.83</u>         |
| <b>Hedging reserve account</b>  |                         |                         |
| Balance as at the beginning of the year                                     | 31.20                   | 195.92                  |
| Add: Changes in the fair value of the effective cash flow hedges            | 1,849.71                | (164.72)                |
| Balance as at the end of the year   | <u>1,880.91</u>         | <u>31.20</u>            |
| <b>Foreign currency translation reserve</b>                                 |                         |                         |
| Balance as at the beginning of the year                                     | 8,856.68                | 4,709.68                |
| Add : Exchange gain on translation during the year                          | (213.23)                | 4,147.00                |
| Balance as at the end of the year   | <u>8,643.45</u>         | <u>8,856.68</u>         |
| <b>Surplus in statement of profit and loss</b>                              |                         |                         |
| Balance as at the beginning of the year                                     | 41,859.30               | 38,222.81               |
| Profit for the year   | 1,773.05                | 5,179.56                |
| Less: Appropriations  |                         |                         |
| Interim dividend  | (336.64)                | (431.17)                |
| Proposed final dividend on equity shares for the year                       | (227.30)                | (609.42)                |
| Dividend distribution tax, net*   | 30.37                   | 17.52                   |
| Transfer to general reserve   | (180.00)                | (520.00)                |
| Balance as at the end of the year   | <u>42,918.78</u>        | <u>41,859.30</u>        |
| Total   | <u>58,458.19</u>        | <u>54,910.98</u>        |

\*Dividend Distribution Tax (DDT) net, pertaining to the current year comprises the DDT liability of ₹ 73.20 (previous year ₹ 103.57) on interim dividend and proposed final dividend and a credit of ₹ 103.57 (previous year ₹ 121.09) in respect of tax paid u/s 115 BBD of the Indian Income Tax Act, 1961 by the Company on dividend received from a foreign subsidiary during the year.

## 5. Long-term borrowings

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Secured :  |                         |                         |
| Term loan from bank [Refer note (a) below]   | 1,875.00                | -                       |
| Long term maturities of finance lease obligations [Refer note (b) below and note 32(ii)] | 85.66                   | 135.42                  |
| Total  | <u>1,960.66</u>         | <u>135.42</u>           |

Note:

### Nature of security

(a) Secured by Standby Letter of Credit given by the Company on behalf of subsidiary, Majesco.

(b) Finance lease obligations are secured by hypothecation of assets underlying the leases.

### Terms of repayment

Repayable 10 days before maturity date of Standby Letter of Credit which is 6th January, 2020. The applicable rate of interest is six months LIBOR plus 275 bps p.a.

Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the lease.

## 6. Other long-term liabilities

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Contingent consideration payable on business acquisition | 693.75                  | -                       |
| Total  | <u>693.75</u>           | <u>-</u>                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 7. Long-term provisions

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Provision for employee benefits                   |                         |                         |
| Provision for gratuity [Refer note 34(b)(iii)]    | –                       | 727.18                  |
| Provision for leave encashment [Refer note 34(c)] | 2,005.59                | 1,737.07                |
| Other Provisions                                  |                         |                         |
| Provision for cost overrun on contracts *         | 15.76                   | 17.68                   |
| <b>Total</b>                                      | <b>2,021.35</b>         | <b>2,481.93</b>         |

\* Movement in short-term and long-term provisions represents the amount shown as 'Reversal of provision for cost overrun on contracts, net' (Refer note 29).

### 8. Short-term borrowings

|                                | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--------------------------------|-------------------------|-------------------------|
| Secured:                       |                         |                         |
| Working capital loan from bank | 918.75                  | –                       |
| <b>Total</b>                   | <b>918.75</b>           | <b>–</b>                |

#### (a) Nature of security

- (i) Secured against current assets including receivables of Majesco, USA
- (ii) Secured by corporate guarantee given by the Company on behalf of subsidiary, Majesco.

#### (b) Terms of repayment

- (i) The working Capital facility is valid till November 11, 2015.
- (ii) Repayable at the discretion of the Group up to the earlier of 360 days or the validity date of the facility.

### 9. Trade payables

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Trade payables                         | 935.70                  | 388.17                  |
| Share of joint venture (Refer note 33) | 319.78                  | –                       |
| <b>Total</b>                           | <b>1,255.48</b>         | <b>388.17</b>           |

### 10. Other current liabilities

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Current maturities of finance lease obligations in respect of vehicles [Refer note 32(ii)] | 49.56                   | 53.03                   |
| Unearned revenue   | 3,704.79                | 3,895.06                |
| Advances received from customers   | –                       | 0.90                    |
| Unpaid dividends [Refer note (a) below]  | 41.37                   | 44.09                   |
| Security and other deposits  | 1.58                    | 48.54                   |
| Other payables   |                         |                         |
| Employee benefits payable  | 3,224.35                | 3,934.28                |
| Accrued expenses   | 4,030.61                | 3,488.44                |
| Contingent consideration payable on business acquisition                                   | 312.50                  | –                       |
| Capital creditors  | 149.83                  | 172.63                  |
| Statutory dues including provident fund and tax deducted at source                         | 3,469.84                | 2,347.60                |
|  | <b>14,984.43</b>        | <b>13,984.57</b>        |
| Share of joint venture (Refer note 33)   | 66.33                   | –                       |
| <b>Total</b>   | <b>15,050.76</b>        | <b>13,984.57</b>        |

(a) There is no amount due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.\*\*

\*\* Section 125 of Companies Act, 2013 which corresponds to Section 205C of Companies Act, 1956 has not yet been enforced.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

## 11. Short-term provisions

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefits  |                         |                         |
| Provision for leave encashment [Refer note 34(c)]  | 1,012.11                | 1,016.90                |
| Other Provisions   |                         |                         |
| Provision for cost overrun on contracts *  | 177.66                  | -                       |
| Provision for taxes, net of advance tax  | 220.09                  | 631.87                  |
| Provision for mark-to-market losses on outstanding derivative contracts (Refer note 37)  | -                       | 2.07                    |
| Provision for proposed final dividend at Re. 1/- per share (Previous year ₹ 2.75/- per share) on equity shares of face value of ₹ 5/- each | 225.47                  | 609.42                  |
| Provision for dividend distribution tax on proposed final dividend on equity shares  | 47.19                   | 103.57                  |
| <b>Total</b>   | <b>1,682.52</b>         | <b>2,363.83</b>         |

\* Movement in short-term and long-term provisions represents the amount shown as 'Reversal of provision for cost overrun on contracts, net' (Refer note 29).

## 12. Fixed assets

### (i) Tangible assets

|                        | Gross Block (at cost) |                 |                 |  |                      | Depreciation        |                 |                 |  |                      | Net Block            |                      |  |
|------------------------|-----------------------|-----------------|-----------------|--|----------------------|---------------------|-----------------|-----------------|--|----------------------|----------------------|----------------------|--|
|                        | As at April 1, 2014   | Additions       | Disposals       | Foreign exchange translation adjustments | As at March 31, 2015 | As at April 1, 2014 | For the year    | Disposals       | Foreign exchange translation adjustments | As at March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |  |
| a. Own assets :        |                       |                 |                 |  |                      |                     |                 |                 |  |                      |                      |                      |  |
| Buildings              | 5,891.77              | -               | -               | -  | 5,891.77             | 1,771.10            | 150.16          | -               | -  | 1,921.26             | 3,970.51             | 4,120.67             |  |
| Computers              | 4,262.63              | 979.90          | (250.01)        | 38.78                                    | 5,031.30             | 3,341.53            | 948.98          | (249.76)        | 34.55                                    | 4,075.30             | 956.00               | 921.10               |  |
| Plant and equipment    | 4,645.91              | 146.80          | (84.95)         | 0.25                                     | 4,708.01             | 4,103.58            | 327.47          | (84.93)         | (0.96)                                   | 4,345.16             | 362.85               | 542.33               |  |
| Furniture and fixtures | 6,117.34              | 156.73          | (7.51)          | (7.10)                                   | 6,259.46             | 5,466.34            | 348.98          | (3.84)          | (4.50)                                   | 5,806.98             | 452.48               | 651.00               |  |
| Vehicles               | 412.89                | 65.88           | (121.24)        | 0.23                                     | 357.76               | 243.84              | 70.61           | (82.53)         | (0.07)                                   | 231.85               | 125.91               | 169.05               |  |
| Office equipment       | 1,909.35              | 49.94           | (2.88)          | 0.15                                     | 1,956.56             | 1,725.95            | 68.45           | (2.48)          | (0.03)                                   | 1,791.89             | 164.67               | 183.40               |  |
| <b>Total</b>           | 23,239.89             | 1,399.25        | (466.59)        | 32.31                                    | 24,204.86            | 16,652.34           | 1,914.65        | (423.54)        | 28.99                                    | 18,172.44            | 6,032.42             | 6,587.55             |  |
| Share of Joint Venture | -                     | 6.75            | -               | (0.47)                                   | 6.28                 | -                   | 1.87            | -               | (0.11)                                   | 1.76                 | 4.52                 | -                    |  |
| <b>Total (A)</b>       | <b>23,239.89</b>      | <b>1,406.00</b> | <b>(466.59)</b> | <b>31.84</b>                             | <b>24,211.14</b>     | <b>16,652.34</b>    | <b>1,916.52</b> | <b>(423.54)</b> | <b>28.88</b>                             | <b>18,174.20</b>     | <b>6,036.94</b>      | <b>6,587.55</b>      |  |

|                        |                  |                 |                 |              |                  |                  |                 |                 |              |                  |                 |                 |
|------------------------|------------------|-----------------|-----------------|--------------|------------------|------------------|-----------------|-----------------|--------------|------------------|-----------------|-----------------|
| b. Leased assets :     |                  |                 |                 |              |                  |                  |                 |                 |              |                  |                 |                 |
| Leasehold land         | 558.45           | -               | -               | -            | 558.45           | 105.10           | 61.37           | -               | -            | 166.47           | 391.98          | 453.35          |
| Leasehold improvements | 407.80           | 0.42            | -               | 0.32         | 408.54           | 398.45           | 7.59            | -               | 0.32         | 406.36           | 2.18            | 9.35            |
| Vehicles               | 262.12           | -               | (31.63)         | -            | 230.49           | 60.62            | 43.25           | (24.99)         | -            | 78.88            | 151.61          | 201.50          |
| <b>Total (B)</b>       | <b>1,228.37</b>  | <b>0.42</b>     | <b>(31.63)</b>  | <b>0.32</b>  | <b>1,197.48</b>  | <b>564.17</b>    | <b>112.21</b>   | <b>(24.99)</b>  | <b>0.32</b>  | <b>651.71</b>    | <b>545.77</b>   | <b>664.20</b>   |
| <b>Total (A+B)</b>     | <b>24,468.26</b> | <b>1,406.42</b> | <b>(498.22)</b> | <b>32.16</b> | <b>25,408.62</b> | <b>17,216.51</b> | <b>2,028.73</b> | <b>(448.53)</b> | <b>29.20</b> | <b>18,825.91</b> | <b>6,582.71</b> | <b>7,251.75</b> |

### (ii) Intangible assets

|                        | Gross Block (at cost) |                 |           |  |                      | Amortisation        |                 |           |  |                      | Net Block            |                      |  |
|------------------------|-----------------------|-----------------|-----------|--|----------------------|---------------------|-----------------|-----------|--|----------------------|----------------------|----------------------|--|
|                        | As at April 1, 2014   | Additions       | Disposals | Foreign exchange translation adjustments | As at March 31, 2015 | As at April 1, 2014 | For the year    | Disposals | Foreign exchange translation adjustments | As at March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |  |
| Own assets (acquired): |                       |                 |           |  |                      |                     |                 |           |  |                      |                      |                      |  |
| Goodwill               | 18,270.20             | 2,431.25        | -         | 778.30                                   | 21,479.75            | 542.10              | 416.16          | -         | 21.94                                    | 980.20               | 20,499.55            | 17,728.10            |  |
| Computer software      | 5,630.52              | 976.40          | -         | (16.91)                                  | 6,590.01             | 4,528.44            | 1,272.77        | -         | (15.51)                                  | 5,785.70             | 804.31               | 1,102.08             |  |
| <b>Total</b>           | 23,900.72             | 3,407.65        | -         | 761.39                                   | 28,069.76            | 5,070.54            | 1,688.93        | -         | 6.43                                     | 6,765.90             | 21,303.86            | 18,830.18            |  |
| Share of Joint Venture | -                     | 2.40            | -         | (0.20)                                   | 2.20                 | -                   | 1.85            | -         | (0.11)                                   | 1.74                 | 0.45                 | -                    |  |
| <b>Total</b>           | <b>23,900.72</b>      | <b>3,410.05</b> | <b>-</b>  | <b>761.19</b>                            | <b>28,071.96</b>     | <b>5,070.54</b>     | <b>1,690.78</b> | <b>-</b>  | <b>6.32</b>                              | <b>6,767.64</b>      | <b>21,304.31</b>     | <b>18,830.18</b>     |  |

#### Note:

Own buildings include subscription towards share capital of Co-operative societies amounting to Rupees Two hundred and fifty only (Previous period Rupees Two hundred and fifty only).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 12. Fixed assets for previous year ended March 31, 2014

#### (i) Tangible assets

|                        | Gross Block (at cost) |                 |                   |  |                      | Depreciation        |                 |                   |  |                      | Net Block            |                      |
|------------------------|-----------------------|-----------------|-------------------|--|----------------------|---------------------|-----------------|-------------------|--|----------------------|----------------------|----------------------|
|                        | As at April 1, 2013   | Additions       | Disposals         | Foreign exchange translation adjustments | As at March 31, 2014 | As at April 1, 2013 | For the year    | Disposals         | Foreign exchange translation adjustments | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| a. Own assets :        |                       |                 |                   |  |                      |                     |                 |                   |  |                      |                      |                      |
| Buildings              | 5,891.77              | -               | -                 | -  | 5,891.77             | 1,620.91            | 150.19          | -                 | -  | 1,771.10             | 4,120.67             | 4,270.86             |
| Computers              | 4,310.34              | 937.81          | (1,165.44)        | 179.92                                   | 4,262.63             | 3,622.12            | 739.47          | (1,165.42)        | 145.36                                   | 3,341.53             | 921.10               | 688.22               |
| Plant and equipment    | 4,479.36              | 179.76          | (37.88)           | 24.67                                    | 4,645.91             | 3,794.06            | 328.37          | (37.88)           | 19.03                                    | 4,103.58             | 542.33               | 685.30               |
| Furniture and fixtures | 6,160.29              | 274.91          | (382.02)          | 64.16                                    | 6,117.34             | 5,414.73            | 385.71          | (382.02)          | 47.92                                    | 5,466.34             | 651.00               | 745.56               |
| Vehicles               | 351.09                | 75.74           | (13.80)           | (0.14)                                   | 412.89               | 190.94              | 66.69           | (13.80)           | 0.01                                     | 243.84               | 169.05               | 160.15               |
| Office equipment       | 1,815.00              | 96.85           | (2.35)            | (0.15)                                   | 1,909.35             | 1,666.47            | 61.61           | (2.13)            | -  | 1,725.95             | 183.40               | 148.53               |
| <b>Total (A)</b>       | <b>23,007.85</b>      | <b>1,565.07</b> | <b>(1,601.49)</b> | <b>268.46</b>                            | <b>23,239.89</b>     | <b>16,309.23</b>    | <b>1,732.04</b> | <b>(1,601.25)</b> | <b>212.32</b>                            | <b>16,652.34</b>     | <b>6,587.55</b>      | <b>6,698.62</b>      |
| b. Leased assets :     |                       |                 |                   |  |                      |                     |                 |                   |  |                      |                      |                      |
| Leasehold land         | 558.45                | -               | -                 | -  | 558.45               | 43.73               | 61.37           | -                 | -  | 105.10               | 453.35               | 514.72               |
| Leasehold improvements | 532.03                | -               | (127.63)          | 3.40                                     | 407.80               | 515.14              | 7.55            | (127.63)          | 3.39                                     | 398.45               | 9.35                 | 16.89                |
| Vehicles               | 195.05                | 72.69           | (5.62)            | -  | 262.12               | 21.16               | 43.25           | (3.79)            | -  | 60.62                | 201.50               | 173.89               |
| <b>Total (B)</b>       | <b>1,285.53</b>       | <b>72.69</b>    | <b>(133.25)</b>   | <b>3.40</b>                              | <b>1,228.37</b>      | <b>580.03</b>       | <b>112.17</b>   | <b>(131.42)</b>   | <b>3.39</b>                              | <b>564.17</b>        | <b>664.20</b>        | <b>705.50</b>        |
| <b>Total (A+B)</b>     | <b>24,293.38</b>      | <b>1,637.76</b> | <b>(1,734.74)</b> | <b>271.86</b>                            | <b>24,468.26</b>     | <b>16,889.26</b>    | <b>1,844.21</b> | <b>(1,732.67)</b> | <b>215.71</b>                            | <b>17,216.51</b>     | <b>7,251.75</b>      | <b>7,404.12</b>      |

#### (ii) Intangible assets

|                   | Gross Block (at cost) |                 |                 |  |                      | Amortisation        |                 |                 |  |                      | Net Block            |                      |
|-------------------|-----------------------|-----------------|-----------------|--|----------------------|---------------------|-----------------|-----------------|--|----------------------|----------------------|----------------------|
|                   | As at April 1, 2013   | Additions       | Disposals       | Foreign exchange translation adjustments | As at March 31, 2014 | As at April 1, 2013 | For the year    | Disposals       | Foreign exchange translation adjustments | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| Goodwill          | 16,359.33             | 248.93          | -               | 1,661.94                                 | 18,270.20            | 329.20              | 205.39          | -               | 7.51                                     | 542.10               | 17,728.10            | 16,030.13            |
| Computer software | 5,368.88              | 1,066.40        | (960.42)        | 155.66                                   | 5,630.52             | 4,113.36            | 1,223.76        | (960.42)        | 151.74                                   | 4,528.44             | 1,102.08             | 1,255.52             |
| <b>Total</b>      | <b>21,728.21</b>      | <b>1,315.33</b> | <b>(960.42)</b> | <b>1,817.60</b>                          | <b>23,900.72</b>     | <b>4,442.56</b>     | <b>1,429.15</b> | <b>(960.42)</b> | <b>159.25</b>                            | <b>5,070.54</b>      | <b>18,830.18</b>     | <b>17,285.65</b>     |

Note:

(a) Own buildings include subscription towards share capital of Co-operative societies amounting to Rupees Two hundred and fifty only (Previous period Rupees Two hundred and fifty only).

### 13. Non-current investments

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Investment property (at cost less accumulated depreciation) |                         |                         |
| Gross block   |                         |                         |
| Opening and Closing   | 389.41                  | 389.41                  |
| Less : Accumulated depreciation                             |                         |                         |
| Opening   | 134.65                  | 120.73                  |
| Depreciation for the year                                   | 13.92                   | 13.92                   |
| Closing   | 148.57                  | 134.65                  |
| Net Block   | 240.84                  | 254.76                  |
| Aggregate amount of investment property                     | 240.84                  | 254.76                  |

### 14. Deferred tax assets

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Deferred tax assets in respect of:          |                         |                         |
| Provision for doubtful debts                | 168.90                  | 109.07                  |
| Depreciation and amortisation               | 1,105.64                | 958.70                  |
| Provision for gratuity and leave encashment | 994.62                  | 1,179.33                |
| Other timing differences                    | 106.93                  | 3.85                    |
| Total                                       | 2,376.09                | 2,250.95                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 15. Long-term loans and advances

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated |                         |                         |
| Capital advances                                    | 25.46                   | 38.67                   |
| Security deposits                                   | 172.37                  | 221.55                  |
| Prepaid expenses                                    | 20.14                   | 38.19                   |
| Advance to other body corporate                     |                         |                         |
| Considered doubtful                                 | -                       | 119.83                  |
| Less: Allowance for doubtful advance                | -                       | (119.83)                |
| Other loans and advances                            |                         |                         |
| Advance income tax, net of provision for tax        | 2,075.91                | 2,765.18                |
| MAT credit entitlement [Refer note 36(a)]           | 2,694.26                | 3,100.53                |
| Advances to employees                               | 6.11                    | 10.80                   |
|   | <b>4,994.25</b>         | 6,174.92                |
| Share of joint venture (Refer note 33)              | 9.54                    | -                       |
| Total   | <b>5,003.79</b>         | 6,174.92                |

### 16. Other non-current assets

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 37) | <b>309.58</b>           | 26.46                   |

### 17. Current investments

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| At cost or market value, whichever is less:   |                         |                         |
| Investment in mutual funds (quoted):  |                         |                         |
| HDFC Cash Management Fund - Savings Plan - Growth<br>(4,500,000 units, Previous year - Nil units)                                     | 450.00                  | -                       |
| UTI Banking & PSU Fund - Regular Plan - Growth<br>(5,000,000 units, Previous year - Nil units)  | 500.00                  | -                       |
| UTI - Fixed Term Income Fund Series - XIX - IX - (369 days) - Growth<br>(13,011,960 units, Previous year - Nil units)                 | 1,301.20                | -                       |
| Birla Sun Life Fixed Term Plan Series LC (369 days) - Regular - Growth<br>(3,700,000 units, Previous year - Nil units)                | 370.00                  | -                       |
| HDFC FMP 376D May 2014 (1) - Series 31 - Regular - Growth<br>(5,000,000 units, Previous year - Nil units)                             | 500.00                  | -                       |
| ICICI Prudential FMP series 74 - (368 days) Plan Y Regular Plan Cumulative<br>(5,000,000 units, Previous year - Nil units)            | 500.00                  | -                       |
| IDFC Fixed Term Plan - Series 73 (50 days) - Regular - Growth<br>(Nil units, Previous year - 5,000,000 units)                         | -                       | 500.00                  |
| UTI Fixed Term Income Fund - Series XV - II (367 Days) - Growth<br>(Nil units, Previous year - 10,000,000 units)                      | -                       | 1,000.00                |
| HDFC FMP 370D April 2014 (1) - Series 31 - Regular - Growth<br>(15,000,000 units, Previous year - 5,000,000 units)                    | 1,500.00                | 500.00                  |
| IDFC Fixed Term Plan Series 20 - Regular - Growth<br>(Nil units, Previous year - 7,500,000 units)                                     | -                       | 750.00                  |
| UTI - Fixed Term Income Fund Series - XV - VI (368 Days) - Growth<br>(Nil units, Previous year - 12,000,000 units)                    | -                       | 1,200.00                |
| ICICI Prudential - Fixed Maturity Plan Series 68 - 369 Days Plan E - Regular - Growth<br>(Nil units, Previous year - 6,300,000 units) | -                       | 630.00                  |
| DWS Interval Fund - Annual Plan Series 1 - Regular - Growth<br>(Nil units, Previous year - 12,000,000 units)                          | -                       | 1,200.00                |
| LIC Nomura MF Fixed Maturity Plan - Series 66 - 371 Days - Growth<br>(Nil units, Previous year - 23,600,000 units)                    | -                       | 2,360.00                |
| Total   | <b>5,121.20</b>         | 8,140.00                |
| Aggregate amount of quoted investments  | <b>5,121.20</b>         | 8,140.00                |
| Market value of quoted investments  | <b>5,453.71</b>         | 8,618.20                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 18. Trade receivables

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good  |                         |                         |
| Outstanding for a period exceeding six months from the date they were due for payment | 308.03                  | -                       |
| Others  | 13,040.98               | 11,678.27               |
| Unsecured, considered doubtful  |                         |                         |
| Outstanding for a period exceeding six months from the date they were due for payment | 791.36                  | 384.54                  |
| Others  | 50.60                   | -                       |
| Less: Provision for doubtful debts  | (841.96)                | (384.54)                |
| Total   | <u>13,349.01</u>        | <u>11,678.27</u>        |

### 19. Cash and bank balances

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Cash and cash equivalents  |                         |                         |
| Cash on hand   | 2.45                    | 2.38                    |
| Bank balances  |                         |                         |
| In current accounts  | 2,931.95                | 3,217.52                |
| Fixed deposits (with original maturity of less than 3 months)                      | 8,565.96                | 3,911.82                |
|  | <u>11,500.36</u>        | <u>7,131.72</u>         |
| Share of joint venture (Refer note 33)   | 912.08                  | -                       |
|  | <u>12,412.44</u>        | <u>7,131.72</u>         |
| Other bank balances  |                         |                         |
| Fixed deposits (with original maturity more than 3 months but less than 12 months) | 3,850.00                | 1,797.45                |
| Unpaid dividend account  | 41.37                   | 44.09                   |
|  | <u>3,891.37</u>         | <u>1,841.54</u>         |
| Total  | <u>16,303.81</u>        | <u>8,973.26</u>         |

### 20. Short-term loans and advances

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated:                             |                         |                         |
| Other loans and advances   |                         |                         |
| Security deposits  |                         |                         |
| Considered good  | 62.82                   | 66.30                   |
| Considered doubtful  | 7.42                    | -                       |
| Less: Provision for doubtful   | (7.42)                  | -                       |
| Advance contribution to employee benefit plan - gratuity [Refer note 34(b)(iii)] | 122.00                  | -                       |
| Prepaid expenses   | 1,283.77                | 544.29                  |
| Service tax credit receivable  | 1,456.03                | 1,240.95                |
| Advances to suppliers  |                         |                         |
| Considered good  | 247.44                  | 357.53                  |
| Considered doubtful  | 7.26                    | 7.26                    |
| Less: Provision for doubtful advances  | (7.26)                  | (7.26)                  |
| Advances to employees  | 74.98                   | 147.10                  |
|  | <u>3,247.04</u>         | <u>2,356.17</u>         |
| Share of joint venture (Refer note 33)   | 300.17                  | -                       |
| Total  | <u>3,547.21</u>         | <u>2,356.17</u>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 21. Other current assets

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated:                                |                         |                         |
| Interest accrued on fixed deposits  | 157.33                  | -                       |
| Interest accrued on income tax refunds  | 122.71                  | 340.57                  |
| Margin money deposit  | 192.13                  | 182.23                  |
| Accrued revenue   | 6,671.82                | 8,796.99                |
| Reimbursable expenses receivable  |                         |                         |
| Considered good   | 183.81                  | 82.76                   |
| Considered doubtful   | 34.49                   | 23.98                   |
| Less: Provision for doubtful receivable   | (34.49)                 | (23.98)                 |
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 37) | 1,571.33                | -                       |
| Total   | <b>8,899.13</b>         | <b>9,402.55</b>         |

### 22. Contingent Liabilities

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Claims against Group not acknowledged as debts  |                         |                         |
| (a) Sales tax matter  | 173.77                  | -                       |
| The Group does not expect any outflows in respect of the above contingent liabilities.  |                         |                         |
| (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 resolution of respective proceedings. |                         |                         |

### 23. Capital and other commitments

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Capital commitments  | 84.87                   | 235.20                  |
| Estimated amount of contracts remaining to be executed on capital account not provided for |                         |                         |

### 24. Revenue from operations

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Information technology services          | 100,196.28                   | 90,956.76                    |
| Other operating revenue                  |                              |                              |
| Reimbursement of expenses from customers | 956.29                       | 1,059.32                     |
| Resale of software and hardware          | 70.38                        | 140.52                       |
| Doubtful debts recovered                 | 35.44                        | 145.69                       |
| Total                                    | <b>101,258.39</b>            | <b>92,302.29</b>             |

### 25. Other income

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Interest income - On fixed deposits      | 242.39                       | 160.18                       |
| - On Income tax refunds                  | 311.48                       | 226.00                       |
| - On others                              | 14.01                        | 58.42                        |
| Profit on sale of current investments    | 789.18                       | 435.79                       |
| Rental income from investment properties | 44.32                        | 108.88                       |
| Profit on sale of tangible assets, net   | 26.00                        | 0.56                         |
| Miscellaneous income                     | 283.96                       | 136.08                       |
| Total                                    | <b>1,711.34</b>              | <b>1,125.91</b>              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 26. Employee benefits expenses

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Salaries, wages and performance incentives                   | 55,962.48                    | 51,874.44                    |
| Gratuity [Refer note 34(b)(iv)]                              | 773.07                       | (97.72)                      |
| Contribution to provident and other funds [Refer note 34(a)] | 2,157.95                     | 2,016.16                     |
| Employee stock compensation expenses [Refer note 35(b)]      | 131.75                       | -                            |
| Staff welfare expense  | 2,899.67                     | 2,688.60                     |
|  | <b>61,924.92</b>             | <b>56,481.48</b>             |
| Share of joint venture (Refer note 33)                       | 130.51                       | -                            |
| Total  | <b>62,055.43</b>             | <b>56,481.48</b>             |

### 27. Finance costs

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Interest / fees on working capital facility | 99.80                        | 25.87                        |
| Interest on term loan                       | 9.52                         | -                            |
| Interest on finance lease                   | 21.63                        | 20.66                        |
| Bank charges                                | 14.56                        | 12.45                        |
| Other finance charges                       | 1.16                         | 9.00                         |
|   | <b>146.67</b>                | <b>67.98</b>                 |
| Share of joint venture (Refer note 33)      | 0.43                         | -                            |
| Total                                       | <b>147.10</b>                | <b>67.98</b>                 |

### 28. Depreciation and amortisation expenses

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Depreciation on tangible assets        | 2,026.86                     | 1,844.21                     |
| Amortisation on intangible assets      | 1,688.93                     | 1,429.15                     |
| Depreciation on investment property    | 13.92                        | 13.92                        |
|  | <b>3,729.71</b>              | <b>3,287.28</b>              |
| Share of joint venture (Refer note 33) | 3.72                         | -                            |
| Total                                  | <b>3,733.43</b>              | <b>3,287.28</b>              |

### 29. Other expenses

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Recruitment and training expenses                         | 513.13                       | 254.77                       |
| Travelling and conveyance                                 | 5,317.18                     | 5,070.22                     |
| Communication charges                                     | 716.33                       | 774.42                       |
| Electricity   | 750.56                       | 699.40                       |
| Consultancy and sub-contracting charges                   | 15,419.10                    | 11,946.46                    |
| Purchase of hardware and software                         | 391.58                       | 500.37                       |
| Rates and taxes   | 499.83                       | 325.84                       |
| Repairs to buildings                                      | 516.26                       | 524.65                       |
| Repairs : others  | 1,530.95                     | 1,520.22                     |
| Insurance   | 351.62                       | 393.73                       |
| Printing and stationery                                   | 160.48                       | 128.50                       |
| Professional fees   | 2,259.78                     | 1,982.45                     |
| Rent (Refer note 32)                                      | 771.67                       | 892.93                       |
| Advertisement and publicity                               | 832.61                       | 766.53                       |
| Net loss on foreign currency transactions and translation | 90.19                        | 141.60                       |
| Provision for doubtful debts                              | 554.32                       | 109.41                       |
| Bad debt written off                                      | 60.01                        | 9.39                         |
| Hire Charges  | 249.92                       | 211.71                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| (Reversal) / Provision for customer claims                             | (109.89)                     | 330.47                       |
| Provision / (Reversal of provision) for cost overrun on contracts, net | 192.36                       | (124.63)                     |
| Expenditure towards corporate social responsibility (CSR) activities   | 84.94                        | -                            |
| Reversal of accrued revenue  | 864.02                       | -                            |
| Miscellaneous expenses   | 631.13                       | 358.28                       |
|  | <b>32,648.08</b>             | 26,816.72                    |
| Share of joint venture (Refer note 33)                                 | 992.45                       | -                            |
| Total  | <b>33,640.53</b>             | 26,816.72                    |

### 30. Exceptional Items

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Restructuring expenses - Salaries, wages and performance incentives | 199.59                       | -                            |
| Demerger expenses   |                              |                              |
| Professional fees   | 806.01                       | -                            |
| Salaries, wages and performance incentives                          | 112.11                       | -                            |
| Others  | 44.89                        | -                            |
| Impairment of goodwill (Refer note 46)                              | 3.52                         | -                            |
| Total   | <b>1,166.12</b>              | -                            |

### 31. Earnings Per Share (EPS)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| The components of basic and diluted earnings per share for total operations are as follows: |                              |                              |
| (a) Net income attributable to equity shareholders  | 1,773.05                     | 5,179.56                     |
| (b) Weighted average number of outstanding equity shares                                    |                              |                              |
| Considered for basic EPS  | 22,320,332                   | 24,572,517                   |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options     | 1,106,757                    | 299,906                      |
| Considered for diluted EPS  | 23,427,089                   | 24,872,423                   |
| (c) Earnings per share (net of taxes) in ₹  |                              |                              |
| Basic   | ₹ 7.94                       | ₹ 21.08                      |
| Diluted   | ₹ 7.57                       | ₹ 20.82                      |
| (Face value per share ₹ 5/- each)   |                              |                              |

The components of basic and diluted earnings per share for continuing operations (i.e. Solutions business) are as follows:

|   |            |            |
|---|------------|------------|
| (a) Net income attributable to equity shareholders                                      | 3,647.66   | 3,065.07   |
| (b) Weighted average number of outstanding equity shares                                |            |            |
| Considered for basic EPS  | 22,320,332 | 24,572,517 |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options | 1,106,757  | 299,906    |
| Considered for diluted EPS  | 23,427,089 | 24,872,423 |
| (c) Earnings per share (net of taxes) in ₹  |            |            |
| Basic   | ₹ 16.34    | ₹ 12.47    |
| Diluted   | ₹ 15.57    | ₹ 12.32    |
| (Face value per share ₹ 5/- each)   |            |            |

### 32. Leases

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| (i) Operating leases   |                         |                         |
| (a) Future minimum lease payments under non-cancellable operating leases (in respect of properties): |                         |                         |
| Due within one year  | 537.38                  | 553.18                  |
| Due later than 1 year but not later than 5 years   | 343.04                  | 309.09                  |
| Total minimum lease payments   | <b>880.42</b>           | 862.27                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|--|--------------------------------------|------------------------------|
| (b) Operating lease rentals recognised in the statement of profit and loss (Refer note 29) | <b>771.67</b>                        | 892.93                       |

- (c) Description of significant operating lease arrangements:  
The Group has given refundable interest free security deposits under the lease agreements.  
All agreements contain provision for renewal at the option of either parties.

### (ii) Finance leases

|  | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
|--|---------------------------------|-------------------------|
| Total minimum finance lease payments outstanding (in respect of vehicles): |                                 |                         |
| Due within one year  | <b>66.42</b>                    | 75.99                   |
| Due later than 1 year but not later than 5 years                           | <b>96.62</b>                    | 164.02                  |
| Total minimum lease payments   | <b>163.04</b>                   | 240.01                  |
| Less: Interest not due   | <b>(27.82)</b>                  | (51.56)                 |
| Present value of net minimum leases payments                               | <b>135.22</b>                   | 188.45                  |
| Disclosed under:   |                                 |                         |
| Long-term borrowings (Refer note 5)  | <b>85.66</b>                    | 135.42                  |
| Other current liabilities (Refer note 10)                                  | <b>49.56</b>                    | 53.03                   |
|  | <b>135.22</b>                   | 188.45                  |

### 33. Share in Joint Venture

The Company has the following investment, in a jointly controlled entity.

| Name                                | Country of<br>Incorporation | % of ownership interest as at |                |
|-------------------------------------|-----------------------------|-------------------------------|----------------|
|                                     |                             | March 31, 2015                | March 31, 2014 |
| Legal Practice Technologies Limited | UK                          | 40%                           | –              |

The Group share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Group and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

|  | <b>As at<br/>March 31, 2015</b> |
|--|---------------------------------|
| <b>(a) ASSETS</b>                      |                                 |
| Tangible assets                        | <b>4.52</b>                     |
| Intangible assets                      | <b>0.45</b>                     |
| Capital work-in-progress*              | <b>1,632.32</b>                 |
| Long-term loans and advances           | <b>9.54</b>                     |
| Cash and bank balances                 | <b>912.08</b>                   |
| Short-term loans and advances          | <b>300.17</b>                   |
| <b>(b) LIABILITIES</b>                 |                                 |
| Shareholders' funds                    | <b>719.73</b>                   |
| Long-term borrowings*                  | <b>1,753.24</b>                 |
| Trade payables                         | <b>319.78</b>                   |
| Other current liabilities              | <b>66.33</b>                    |
| <b>(c) EXPENSES</b>                    |                                 |
| Employee benefits expenses             | <b>130.51</b>                   |
| Finance costs                          | <b>0.43</b>                     |
| Depreciation and amortisation expenses | <b>3.72</b>                     |
| Other expenses                         | <b>992.45</b>                   |

\* Fully eliminated on intra group balances on consolidation



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 34. Employee benefit plans

The disclosures required as per the revised Accounting Standard (AS) 15 - Employee Benefits (revised 2005) are as under:

|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|--|--------------------------------------|------------------------------|
| (a) Defined contribution plans   |                                      |                              |
| The Group has recognised the following amounts in Statement of Profit and Loss for the year:   |                                      |                              |
| Contribution to provident fund   | <b>906.50</b>                        | 874.00                       |
| Contribution to employees' state insurance corporation   | <b>5.26</b>                          | 5.32                         |
| Contribution to Maharashtra labour welfare fund  | <b>1.37</b>                          | 1.38                         |
| Superannuation contribution  | <b>34.93</b>                         | 30.51                        |
| Contribution to plans in foreign jurisdictions   | <b>1,209.89</b>                      | 1,104.95                     |
| Total (Refer note 26)  | <b>2,157.95</b>                      | 2,016.16                     |
| (b) Defined benefit plan (Gratuity)  |                                      |                              |
| As per the independent actuarial valuation carried out as at March 31, 2015  |                                      |                              |
|  | <b>As at<br/>March 31, 2015</b>      | As at<br>March 31, 2014      |
| (i) Change in defined benefit obligations (DBO) :  |                                      |                              |
| Projected benefit obligation - opening   | <b>2,883.96</b>                      | 2,968.23                     |
| Service cost   | <b>383.95</b>                        | 430.91                       |
| Interest cost  | <b>292.96</b>                        | 262.61                       |
| Actuarial loss/(gain)  | <b>337.41</b>                        | (611.46)                     |
| Benefits paid  | <b>(236.66)</b>                      | (166.33)                     |
| Projected benefit obligation - closing   | <b>3,661.62</b>                      | 2,883.96                     |
| (ii) Change in fair value of assets:   |                                      |                              |
| Fair value of plan assets - opening  | <b>2,156.78</b>                      | 1,302.88                     |
| Expected return on plan assets   | <b>211.10</b>                        | 113.02                       |
| Employer's contribution  | <b>1,622.25</b>                      | 840.45                       |
| Benefit paid   | <b>(236.66)</b>                      | (166.33)                     |
| Actuarial gain   | <b>30.15</b>                         | 66.76                        |
| Fair value of plan assets - closing  | <b>3,783.62</b>                      | 2,156.78                     |
| (iii) Amount recognized in the Balance Sheet   |                                      |                              |
| Present value of obligations   | <b>3,661.62</b>                      | 2,883.96                     |
| Less: Fair value of plan assets  | <b>(3,783.62)</b>                    | (2,156.78)                   |
| Net (assets) / liability recognized  | <b>(122.00)</b>                      | 727.18                       |
| Recognised under:  |                                      |                              |
| Short-term loans and advances (Refer note 20) / Long-term provisions (Refer note 7)  | <b>(122.00)</b>                      | 727.18                       |
| Total  | <b>(122.00)</b>                      | 727.18                       |
|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
| (iv) Net gratuity cost for the year  |                                      |                              |
| Service cost   | <b>383.95</b>                        | 430.91                       |
| Interest cost  | <b>292.96</b>                        | 262.61                       |
| Expected return on plan assets   | <b>(211.10)</b>                      | (113.02)                     |
| Net actuarial loss / (gain) recognized in the current year   | <b>307.26</b>                        | (678.22)                     |
| Net gratuity cost (Refer note 26)  | <b>773.07</b>                        | (97.72)                      |
| (v) Asset information  |                                      |                              |
| Life Insurance Corporation of India  | <b>100%</b>                          | 100%                         |
| (vi) Assumptions used in accounting for the gratuity plan:   |                                      |                              |
| Discount rate (p.a.)   | <b>7.95%</b>                         | 9.25%                        |
| Return on plan assets (p.a.)   | <b>8.85%</b>                         | 8.96%                        |
| Salary escalation rate (p.a.)  | <b>10.00%</b>                        | 10.00%                       |
| Retirement age   | <b>60 years</b>                      | 60 years                     |
| The estimates of salary escalation, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. |                                      |                              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

(vii) Expected contribution to the fund in the next year

|          | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|----------|--------------------------------------|------------------------------|
| Gratuity | <b>600.00</b>                        | 600.00                       |

(viii) Amounts recognised in current year and previous four years:

|                            | <b>March 31, 2015</b> | March 31, 2014 | March 31, 2013 | June 30, 2012 | June 30, 2011 |
|----------------------------|-----------------------|----------------|----------------|---------------|---------------|
| Defined benefit obligation | <b>3,661.62</b>       | 2,883.96       | 2,968.23       | 2,493.54      | 2,246.19      |
| Plan assets                | <b>3,783.62</b>       | 2,156.78       | 1,302.88       | 876.95        | 466.85        |
| Surplus / (Deficit)        | <b>122.00</b>         | (727.18)       | (1,665.35)     | (1,616.59)    | (1,779.34)    |
| Experience adjustments     |                       |                |                |               |               |
| On plan liabilities        | <b>(166.77)</b>       | (145.51)       | (9.25)         | (143.20)      | (434.66)      |
| On plan assets             | <b>30.15</b>          | 66.76          | 2.74           | (18.40)       | -             |

(c) Leave encashment charged under salaries and wages during the year amounted to ₹ 1,269.25 (Previous year ₹ 817.77)

### 35. Employee Stock Option Scheme

(a) Nature and extent of employee share-based payment plans that existed during the year:

#### i. Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

|                             | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|-----------------------------|--------------------------------------|------------------------------|
| Opening Balance             | -                                    | 42,125                       |
| Granted during the year     | -                                    | -                            |
| Exercised during the year   | -                                    | -                            |
| Cancelled during the year   | -                                    | (42,125)                     |
| Balance unexercised options | -                                    | -                            |

#### ii. Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year ended June 30, 2011, the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year.

|                             | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|-----------------------------|--------------------------------------|------------------------------|
| Opening Balance             | <b>411,707</b>                       | 412,986                      |
| Granted during the year     | -                                    | -                            |
| Exercised during the year   | <b>(15,118)</b>                      | -                            |
| Cancelled during the year   | <b>(25,564)</b>                      | (1,279)                      |
| Balance unexercised options | <b>371,025</b>                       | 411,707                      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### iii. Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Nomination & Remuneration Committee ("Committee") and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the financial year ended June 31, 2011, 50,000 options were granted at price less than the market price. There is no compensation cost in the current year, as the cost of discounted options has been charged off in earlier year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | 673,514                      | 853,514   |
| Granted during the year     | -                            | -   |
| Exercised during the year   | (91,575)                     | -   |
| Cancelled during the year   | (273,000)                    | (180,000)                                       |
| Balance unexercised options | <u>308,939</u>               | <u>673,514</u>                                  |

### iv. Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015, 256,957 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 96.06 and have been charged to the statement of profit and loss during the current year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | 1,892,300                    | 1,123,800                                       |
| Granted during the year     | 326,957                      | 1,003,750                                       |
| Exercised during the year   | (279,299)                    | (6,500)   |
| Cancelled during the year   | (624,519)                    | (228,750)                                       |
| Balance unexercised options | <u>1,315,439</u>             | <u>1,892,300</u>                                |

### v. Plan VII

The Company introduced a new scheme in 2013 for granting 2,500,000 stock options to its employees, employees of its subsidiaries and its Independent Directors, each option giving a right to apply for one equity share of the Company on its vesting. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015, 46,373 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 35.69 and have been charged to the statement of profit and loss during the current year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | -                            | -   |
| Granted during the year     | 1,069,373                    | -   |
| Exercised during the year   | -                            | -   |
| Cancelled during the year   | (172,000)                    | -   |
| Balance unexercised options | <u>897,373</u>               | <u>-</u>  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

- (b) The Company has adopted the intrinsic value method as permitted by the SEBI Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of stock options granted.

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees stock options been recognised based on the fair value at the date of grant in accordance with Black Scholes model.

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Profit after taxation  | 1,773.05                     | 5,179.56                     |
| Less : Employee stock compensation expenses based on fair value                    | (90.18)                      | (36.49)                      |
| Add: Employee stock compensation expenses based on intrinsic value (Refer note 26) | 131.75                       | -                            |
| Profit after taxation as per Fair value method                                     | <u>1,814.62</u>              | <u>5,143.07</u>              |

|                               |            |            |
|-------------------------------|------------|------------|
| Basic Earning per share (EPS) |            |            |
| Number of shares              | 22,320,332 | 22,207,426 |
| Basic EPS as reported (₹)     | ₹ 7.94     | ₹ 21.08    |
| Proforma Basic EPS (₹)        | ₹ 8.13     | ₹ 23.16    |

|                                 |            |            |
|---------------------------------|------------|------------|
| Diluted Earning per share (EPS) |            |            |
| Number of shares                | 23,427,089 | 23,070,639 |
| Diluted EPS as reported (₹)     | ₹ 7.57     | ₹ 20.82    |
| Proforma Diluted EPS (₹)        | ₹ 7.75     | ₹ 22.29    |

- (c) Stock options exercised during the year :

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| No. of options exercised during the year                 | 385,992                      | 6,500                        |
| Weighted average share price at the date of exercise (₹) | 144.77                       | 138.80                       |

- (d) For stock options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life (Vesting period + exercise period)

|                                    | Options<br>Outstanding | Weighted<br>Average Exercise<br>Price (₹) | Weighted Average<br>remaining<br>Contractual Life<br>(years) |
|------------------------------------|------------------------|---|--|
| <b>As at March 31, 2015</b>        |                        |   |  |
| <b>Range of Exercise Price (₹)</b> |                        |   |  |
| <b>0 - 150</b>                     | <b>1,416,401</b>       | <b>111.51</b>                             | <b>7.19</b>  |
| <b>151- 250</b>                    | <b>998,600</b>         | <b>186.23</b>                             | <b>8.09</b>  |
| <b>250 - 350</b>                   | <b>457,775</b>         | <b>295.24</b>                             | <b>3.01</b>  |
| <b>Above 350</b>                   | <b>20,000</b>          | <b>376.00</b>                             | <b>4.41</b>  |
| <b>Total</b>                       | <b>2,892,776</b>       | <b>168.21</b>                             | <b>6.82</b>  |

|                                    |                  |               |             |
|------------------------------------|------------------|---------------|-------------|
| <b>As at March 31, 2014</b>        |                  |               |             |
| <b>Range of Exercise Price (₹)</b> |                  |               |             |
| <b>0 - 150</b>                     | 2,141,271        | 125.12        | 7.71        |
| <b>151- 250</b>                    | 300,920          | 208.76        | 7.28        |
| <b>250 - 350</b>                   | 390,330          | 298.28        | 3.99        |
| <b>Above 350</b>                   | 145,000          | 376.79        | 5.41        |
| <b>Total</b>                       | <u>2,977,521</u> | <u>168.53</u> | <u>7.07</u> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

(e) Information on stock options granted during the year :

|  | <b>Year ended<br/>March 31, 2015</b>                                    | Year ended<br>March 31, 2014 |
|--|---|------------------------------|
| No. of options granted during the year                 | <b>1,396,330</b>  | 1,003,750                    |
| Option Pricing model used                              | Market price as defined by SEBI /<br>Discounted price as per the scheme |                              |
| Weighted average share price (₹)                       | <b>182.74</b>   | 136.09                       |
| Exercise Price (₹)                                     | <b>145.31</b>   | 137.01                       |
| Expected volatility (%)                                | <b>47.80%</b>   | 48.98%                       |
| Option life (Vesting period + Exercise period) (Years) | <b>6.00</b>   | 6.00                         |
| Dividend yield (%)                                     | <b>2.48%</b>  | 2.21%                        |
| Risk free interest rate (%)                            | <b>8.74%</b>  | 7.81%                        |

The risk free interest rates are determined based on the zero-coupon yield curve for government securities. The volatility is determined based on annualized standard deviation of stock price on NSE over the time to maturity of the option. The expected dividend yield is based on the average dividend yields for preceding seven years.

(f) Effect of share-based payment plan on the Balance Sheet and Statement of Profit and Loss :

|   | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|---|--------------------------------------|------------------------------|
| Expense arising from employee share-based payment plan    | <b>131.75</b>                        | -                            |
| Employee stock options outstanding account (Refer note 4) | <b>131.75</b>                        | -                            |

### 36. Income Taxes

- (a) In accordance with the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). Payments under MAT can be carried forward and set off against future tax liability for a period of ten years. Accordingly, a sum of ₹ 2,694.26 (Previous year ₹ 3,001.75) has been carried forward and shown under 'Long-term loans and advances' (Refer Note 15).
- (b) In addition to Indian operations, the Group has accounted for the tax liabilities of its foreign subsidiaries and the UK branch in accordance with their respective tax legislations.
- (c) The Company had received tax demands aggregating to ₹ 2,835.05 (including interest of ₹ 853.09) primarily on account of transfer pricing issues for the assessment years 2006-07 to 2011-12. For the assessment year 2006-07 and assessment year 2007-08, the second appellate authority (the Income Tax Appellate Tribunal) has allowed these issues in favour of the company and the income tax authorities have filed an appeal with the Honourable High Court. For the assessment years 2008-09 and assessment year 2009-10, the first appellate authority (the Commissioner of Income tax (Appeals)) has allowed most of these issues in favour of the company. For the assessment years 2010-11 and 2011-12 the matter is pending before the first appellate authority (the Commissioner of Income tax (Appeals)).

Considering the facts, materiality and favourable order of the second appellate authority for assessment years 2006-07 and 2007-08 and the first appellate authority for 2008-09 and 2009-10, the management believes that the final outcome of majority of the above disputes for the remaining years should be in favour of the Company and there should not be any material impact on the financial statements.

### 37. Derivative Financial Instruments

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to hedge against foreign currency exposures relating to highly probable forecast transactions. The Company does not enter into any derivative instruments for trading or speculative purposes. The counter party is generally a bank. These contracts are for a period between one day and two years.

The following "sell" foreign exchange forward contracts are outstanding as at:

|   |                       | March 31, 2015   |   |  | March 31, 2014   |   |  |
|---|-----------------------|------------------|---|--|------------------|---|--|
|   |                       | No. of Contracts | Amount of Forward contracts (FC in Lakhs) | Amount of Forward contracts (₹ in Lakhs) | No. of Contracts | Amount of Forward contracts (FC in Lakhs) | Amount of Forward contracts (₹ in Lakhs) |
|   | Foreign Currency (FC) |                  |   |  |                  |   |  |
| a | USD                   | <b>50</b>        | <b>229.80</b>                             | <b>15,460.96</b>                         | 70               | 238.10                                    | 15,340.05                                |
| b | GBP                   | <b>52</b>        | <b>158.40</b>                             | <b>17,066.17</b>                         | 69               | 123.60                                    | 12,860.90                                |
| c | CAD                   | -                | -   | -  | 1                | 2.50                                      | 141.06                                   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Mark-to-Market (gains) / losses  |                         |                         |
| Mark-to-Market losses provided for   | –                       | 6.81                    |
| Mark-to-Market (gains) / losses reported in Hedging Reserve Account (Refer note 4)           | <b>(1,880.91)</b>       | (31.20)                 |
| Mark-to-Market (gains) / losses (net)  | <b>(1,880.91)</b>       | (24.39)                 |
| Classified as Other non-current assets (Refer note 16)                                       | <b>(309.58)</b>         | (26.46)                 |
| Classified as (Other current assets) (Refer note 21) / Short-term provisions (Refer note 11) | <b>(1,571.33)</b>       | 2.07                    |

### 38. Related Party Disclosures

|                          |   |
|--------------------------|---|
| Joint Venture            | Legal Practice Technologies Limited (w.e.f. May 14, 2014)   |
| Key Management Personnel | Sudhakar Ram<br>Radhakrishnan Sundar<br>Ketan Mehta<br>Salvatore Abano (up to June 21, 2014)<br>Vinay Rajadhyaksha (up to August 13, 2014)<br>Stefan Van Overtveldt (up to April 30, 2014)<br>Farid Kazani<br>Kalpana Jaishankar (up to March 31, 2015)<br>Anil Chitale |

Disclosure of transactions with key management personnel during the year :

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| i. Total remuneration paid/payable :                                |                              |                              |
| Sudhakar Ram  | <b>119.40</b>                | 423.35                       |
| Ketan Mehta   | <b>358.40</b>                | 310.36                       |
| Salvatore Abano   | <b>71.63</b>                 | 214.82                       |
| Radhakrishnan Sundar  | <b>27.28</b>                 | 27.28                        |
| Anil Chitale  | <b>242.07</b>                | 257.98                       |
| Vinay Rajadhyaksha  | <b>212.59</b>                | 168.58                       |
| Stefan Van Overtveldt   | <b>227.05</b>                | 475.69                       |
| Farid Kazani  | <b>178.89</b>                | 109.76                       |
| Kalpana Jaishankar  | <b>112.91</b>                | 49.46                        |
| ii. Consideration received on exercise of options                   |                              |                              |
| Anil Chitale  | <b>46.80</b>                 | –                            |
| Vinay Rajadhyaksha  | <b>108.00</b>                | –                            |
| Farid Kazani  | <b>68.40</b>                 | –                            |
| Kalpana Jaishankar  | <b>46.15</b>                 | –                            |
| iii. Transactions with joint venture to the extent not consolidated |                              |                              |
| Information technology services                                     | <b>2,096.76</b>              |                              |
| Miscellaneous income  | <b>24.11</b>                 |                              |

### 39. Segment reporting

Group follows AS 17, 'Segment Reporting' issued by the Institute of Chartered Accountants of India, which requires disclosures of financial and descriptive information about Mastek's reportable segments, both primary and secondary. The Group has identified geographic segments as primary segments and industry verticals as secondary segments.

Group's operations predominantly relate to providing IT services, delivered to customers globally. The organisational and reporting structure of the Group is based on Strategic Business Units (SBU) concept. The SBU's are primarily geographical segments. SBU's are the operating segments for which separate financial information is available and for which operating results are evaluated regularly by management in deciding how to allocate resources and in assessing performance. These SBU's provide end-to-end information technology solutions on time and material contracts or fixed bid contracts, entered into with customers.

The Group's primary reportable segments consist of the following SBUs, which are based on the risks and returns in different geographies and the location of the customers: North America Operations, UK Operations, and Others. 'Others' include operations of the Group in other parts of the world including India.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### a. Primary geographical segmental reporting on the basis of location of customers :

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Segment Revenue                        |                              |                              |
| UK                                     | 52,788.62                    | 43,225.73                    |
| North America                          | 40,494.73                    | 41,949.20                    |
| Others                                 | 7,975.04                     | 7,127.36                     |
| Total                                  | <u>101,258.39</u>            | <u>92,302.29</u>             |
| Segment Result                         |                              |                              |
| UK                                     | 8,615.99                     | 9,305.03                     |
| North America                          | (820.22)                     | 2,579.37                     |
| Others                                 | 212.79                       | 685.15                       |
| Total                                  | <u>8,008.56</u>              | <u>12,569.55</u>             |
| Common unallocable charges, net        | (6,179.56)                   | (6,852.74)                   |
| Finance costs                          | (147.10)                     | (67.98)                      |
| Other income                           | 1,711.34                     | 1,125.91                     |
| Profit before exceptional item and tax | <u>3,393.24</u>              | <u>6,774.74</u>              |
| Exceptional items                      | 1,166.12                     | -                            |
| Profit before tax                      | <u>2,227.12</u>              | <u>6,774.74</u>              |

Revenues and expenses directly attributable to segments are reported under each reportable segment. All other costs i.e. corporate costs and support function costs, which are not directly attributable or allocable to segments have been disclosed as common unallocable charges. Similarly revenues and income not allocable to segments are disclosed separately.

A major portion of the Group's fixed assets are primarily located at its off shore centres in India and are commonly used by various SBUs. These fixed assets are therefore not directly identifiable to any particular reportable segment and have been allocated to SBUs on the basis of man-months used by these SBUs. Consequently, capital expenditure incurred and depreciation and amortization are similarly allocated to SBUs.

### Other Primary Segmental information :

|  | Segmental Assets        |                         | Segmental Liabilities   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
| UK   | 24,343.85               | 16,296.70               | 8,171.76                | 6,447.29                |
| North America  | 32,314.74               | 34,741.31               | 11,450.21               | 8,142.57                |
| Others   | 11,914.22               | 7,463.49                | 2,243.92                | 2,172.66                |
| <b>Segmental Assets/Liabilities</b>  | <b>68,572.81</b>        | 58,501.50               | <b>21,865.89</b>        | 16,762.52               |
| Unallocated Corporate Assets/Liabilities, including tax assets / provision for tax | 14,595.98               | 16,871.43               | 1,717.38                | 2,591.40                |
| <b>Total Assets/ Liabilities</b>   | <b>83,168.79</b>        | <u>75,372.93</u>        | <b>23,583.27</b>        | <u>19,353.92</u>        |

|                                     | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------|------------------------------|------------------------------|
| <b>Capital expenditure incurred</b> |                              |                              |
| UK                                  | 496.41                       | 380.16                       |
| North America                       | 3,661.87                     | 1,809.45                     |
| Others                              | 112.83                       | 127.41                       |
| Unallocated                         | 545.36                       | 636.07                       |
| Total                               | <u>4,816.47</u>              | <u>2,953.09</u>              |

### Depreciation and amortization

|               | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---------------|------------------------------|------------------------------|
| UK            | 607.03                       | 380.90                       |
| North America | 1,373.25                     | 1,113.72                     |
| Others        | 119.12                       | 127.31                       |
| Unallocated   | 1,634.03                     | 1,665.35                     |
| Total         | <u>3,733.43</u>              | <u>3,287.28</u>              |

### Non-cash expenses other than depreciation and amortisation

|               | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---------------|------------------------------|------------------------------|
| UK            | 9.93                         | 3.00                         |
| North America | 390.60                       | 12.14                        |
| Others        | 213.80                       | 103.66                       |
| Total         | <u>614.33</u>                | <u>118.80</u>                |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### b. Information about secondary segments by industry verticals

|                                 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---------------------------------|------------------------------|------------------------------|
| Revenue from external customers |                              |                              |
| Insurance                       | 45,716.43                    | 44,865.01                    |
| Government                      | 29,902.26                    | 23,868.09                    |
| Financial Services              | 11,296.49                    | 9,732.34                     |
| Others                          | 14,343.21                    | 13,836.85                    |
|                                 | <u>101,258.39</u>            | <u>92,302.29</u>             |

The information pertaining to carrying amount of segment assets by industry verticals is neither available nor evaluated by management as it is not considered relevant for assessing performance or for allocating resources.

### 40. Acquisition of the business of Agile Technologies, LLC, USA

During the year, the Majesco, USA has signed a definitive agreement dated December 12, 2014 with Agile Technologies, LLC ('Agile') ('the seller') to acquire its insurance industry focused IT consulting business from January 1, 2015.

The maximum purchase consideration payable for the acquisition including contingent consideration, is USD 9.20 million (₹ 5,520) is payable as follows:

- (i) USD 1.00 million has been paid on signing the agreement;
- (ii) USD 2.00 million has been paid on January 2, 2015 upon closure of the agreement;
- (iii) minimum earn-out of USD 1.61 million over a 3 year period payable on an annual basis;
- (iv) USD 0.39 million payable to employees of Agile over a 3 year period, on an annual basis, on those employees being employed by MUS or its affiliate as of the date of payment; and
- (v) maximum contingent consideration of USD 4.20 million payable as Earn-outs over a 3 year period, on an annual basis based on the Agile division meeting certain Revenue, EBITDA and New Business target norms.

The difference between consideration paid / committed till date amounting to USD 4.61 million (₹ 2,881.25) as described in (i) to (iii) above, and the value of net assets taken over of USD 0.72 million (₹ 449.95) is accounted as Goodwill amounting to USD 3.89 million (₹ 2,431.30) and is amortised over its estimated useful life of 5 years. The contingent consideration payable as described in (iv) and (v) above, in future years would be added to goodwill as and when due and duly amortised over the balance useful life.

### 41. Agreement with Cover-All Technologies Inc., USA

During the year, the Majesco, USA has signed an "Agreement and Plan of Merger" dated December 14, 2014 with Cover-All Technologies Inc., USA ("Cover-All"), an insurance software company listed on the New York Stock Exchange, pursuant to which Cover-All will merge into the Majesco. In a 100% stock-for-stock transaction, Cover-All's stockholders and the holders of its options and restricted stock units, will, upon the closing of the merger, receive in aggregate 16.5% of the outstanding shares of common stock of the combined company, on a fully diluted basis.

The management of the Majesco plans to list the combined Majesco Group on the New York Stock Exchange subject to regulatory and shareholder approvals.

### 42. Sale of Investment in Majesco Canada Limited, Canada

During the year, the Company sold its entire holding of 3,500,000 equity shares of Majesco Canada Limited, Canada ("MCAN") (a wholly owned subsidiary before this sale) to Majesco, USA (a wholly owned subsidiary) for a total consideration of ₹ 439.46. This transaction has no impact on the Group's financial position or results of its operations.

### 43. Sale of Investment in Majesco Sdn. Bhd., Malaysia

During the year, the Company sold its entire holding of 11,262,000 equity shares of Majesco Sdn. Bhd., Malaysia ("MSC") (a wholly owned subsidiary before this sale) to Majesco, USA (a wholly owned subsidiary) for a total consideration of ₹ 2,042.94. This transaction has no impact on the Group's financial position or results of its operations.

### 44. Incorporation of Majesco UK Limited, UK

During the year, Majesco Software and Solutions Inc., USA, ("MSSUS") a step down subsidiary has incorporated a wholly owned subsidiary in UK namely Majesco UK Limited on October 23, 2014. The total investment made by MSSUS in Majesco UK Limited till March 31, 2015 is USD 1.90 million (₹ 1,172.90).

### 45. Incorporation of Majesco Software and Solutions India Private Limited, India

During the year, Majesco Software and Solutions Inc., USA, ("MSSUS") a step down subsidiary has incorporated a wholly owned subsidiary in India namely Majesco Software and Solutions India Private Limited ("MSSIPL") on October 21, 2014. The total investment made by MSSUS in MSSIPL till March 31, 2015 is ₹ 35.00.

### 46. Buy Back of Minority stake by Vector Insurance Services LLC and subsequent merger with Majesco, USA

On January 21, 2015, Vector Insurance Services LLC, USA ("Vector"), a step down subsidiary, had bought back 10% shares held by minority shareholders for a consideration of USD 0.005 million. On acquisition, Group has recorded a net liability of USD 0.001 million and the balance of USD 0.006 million was recorded as Goodwill. However, in view of lower than expected economic performance of Vector and future uncertainty of profitability, the entire amount of goodwill of USD 0.006 million (₹ 3.52) has been impaired and shown as an exceptional item (Refer note 30).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

Subsequent to this buy-back, Vector has signed an Agreement of Merger with Majesco dated February 15, 2015. The said merger has been effected from March 5, 2015 as per approval letter received from State of Indiana dated March 5, 2015. This merger has no impact on the Group's financial position or results of its operations.

### 47. Acquisition of Minefields Computers Limited, India

During the year, the Company has purchased 10,000 equity shares (including 6 equity shares purchased jointly with other shareholders) of Minefields Computers Limited ("Minefields") for a total consideration of ₹ 1. Further, the Company has subscribed to 40,000 equity shares of Minefields ₹ 10/- each for a total consideration of ₹ 4. Thus the total shareholding of the Company in Minefields at March 31, 2015 amounts to 50,000 equity shares of ₹ 10/- each for a total consideration of ₹ 5 (including 6 equity shares purchased jointly with other shareholders).

### 48. Purchase of Investment in Majesco, USA (formerly MajescoMastek, USA)

During the year, the Company purchased 24,765,750 equity shares of Majesco, USA from Mastek (UK) Limited for a total consideration of ₹ 3,024.79 (USD 4.95 million). Subsequent to the purchase, Mastek Limited holds 83.5% of Majesco and the balance 16.5% is held by Mastek (UK) Limited.

### 49. Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013, the Board of Directors of Mastek Limited (the "Company" or "Mastek"), in its meeting held on September 15, 2014, had approved the demerger of the Insurance Products and Services business of the Company, into a new wholly owned subsidiary, Minefields Computers Limited ("Minefields"), to be renamed as Majesco Limited ("Majesco India"), to be followed by transfer by Majesco India of the offshore insurance operations business in India to Majesco Software and Solutions India Private Limited ("MSSIPL"), a wholly owned subsidiary of Majesco Software and Solutions Inc., USA ("MSSUS"). The Appointed date of the Scheme will be April 1, 2014 or any other date as decided by the Board of Directors and the appointed date for the offshore insurance operations business transfer will be November 1, 2014 or any other date as decided by the Board of Directors – both these dates will be subject to the approval of the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat. On approval of the Scheme by the respective High Courts, Mastek shareholders will get one equity share of Majesco India for every share held in Mastek, over and above their existing Mastek shares. Majesco India is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed. Under the proposed restructuring, Mastek will continue with the Solutions business. The Company has obtained the necessary approval for the scheme under Clause 24 (f) of the Listing Agreements with BSE and NSE from SEBI on December 9, 2014 and is in the process of obtaining requisite approval from the respective High Courts.

As the Company's Board has approved the demerger scheme of the Insurance Products and Services business (the "Transferred Undertaking") and an announcement of the same has been made, the Mastek Group has treated the Transferred Undertaking as a discontinuing operation with effect from the proposed appointed date of the scheme i.e April 1, 2014. The demerger will result in transfer of the assets and liabilities and the Indian and global operations relevant to the Transferred Undertaking to Minefields Computers Limited (to be renamed as Majesco Limited), the ultimate holding company of the Transferred Undertaking. The Transferred Undertaking predominately relates to the Insurance business vertical reported under the secondary segment reporting in this consolidated financial statements. The existing shareholders of Mastek will be the shareholders of both the businesses post the demerger, through their shareholdings in two separate listed companies viz. Mastek Limited and Majesco Limited, subject to court and regulatory approvals.

The details of carrying amounts of the consolidated assets and liabilities attributable to the Transferred Undertaking are as below:

|                   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-------------------|-------------------------|-------------------------|
| Total assets      | 47,612.81               | 45,815.61               |
| Total liabilities | 12,815.11               | 9,850.77                |
| Net assets        | 34,797.70               | 35,964.84               |

The consolidated revenue, expenses, pre-tax profit and the tax expense in respect of ordinary activities attributable to the Transferred Undertaking are as below:

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Total revenue   | 50,865.70                    | 52,460.62                    |
| Total expenses  | 52,244.52                    | 49,295.04                    |
| (Loss) / Profit before tax                              | (1,378.82)                   | 3,165.58                     |
| Tax expense   | 495.79                       | 1,051.09                     |
| (Loss) / Profit after tax from discontinuing operations | (1,874.61)                   | 2,114.49                     |

The net consolidated cash flows attributable to the Transferred Undertaking during the year are as below:

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Operating activities  | 1,971.38                     | 2,764.65                     |
| Investing activities  | 1,660.00                     | (6,404.66)                   |
| Financing activities  | 2,670.16                     | (41.51)                      |
| Effect of changes in exchange rates for cash and cash equivalents | (471.96)                     | 325.45                       |
| Net cash inflows / (outflows)                                     | 5,829.58                     | (3,356.07)                   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015 (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

### 50. Disclosure mandated by Schedule III by way of additional information

| Name of Entity                                       | Net assets i.e. total assets minus total liabilities |            | Share in profit               |            |
|--|--|------------|-------------------------------|------------|
|  | As a % of consolidated net assets                    | ₹ in Lakhs | As a % of consolidated profit | ₹ in Lakhs |
| <b>Parent</b>  |  |            |                               |            |
| Mastek Limited                                       | 36.97%   | 22,029.16  | 419.54%                       | 7,438.75   |
| <b>Subsidiaries</b>                                  |  |            |                               |            |
| Indian   |  |            |                               |            |
| Majesco Software and Solutions India Private Limited | 0.04%  | 23.37      | -0.64%                        | (11.35)    |
| Minefields Computers Limited                         | 0.00%  | 0.97       | -0.17%                        | (2.96)     |
| Foreign  |  |            |                               |            |
| Majesco, USA   | 30.14%   | 17,956.42  | -137.49%                      | (2,437.71) |
| Mastek (UK) Limited                                  | 27.05%   | 16,118.16  | -14.52%                       | (257.47)   |
| Majesco UK Limited                                   | 2.45%  | 1,460.30   | 4.09%                         | 72.44      |
| Mastek Asia Pacific Pte Limited                      | 0.23%  | 137.59     | 0.28%                         | 4.92       |
| Majesco Sdn. Bhd.                                    | 2.48%  | 1,480.26   | -26.32%                       | (466.61)   |
| Majesco (Thailand) Co. Limited                       | 0.29%  | 171.41     | -32.12%                       | (569.50)   |
| Majesco Software and Solutions Inc.                  | 0.82%  | 485.84     | -0.81%                        | (14.28)    |
| Majesco Canada Limited                               | 1.07%  | 634.65     | -48.28%                       | (856.07)   |
| <b>Joint Ventures</b>                                |  |            |                               |            |
| Foreign  |  |            |                               |            |
| Legal Practice Technologies Limited                  | -1.53%   | (912.60)   | -63.57%                       | (1,127.11) |

51. Previous year's figures have been regrouped or reclassified wherever necessary.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

(Formerly Price Waterhouse, Firm Registration Number: 012754N)

For and on behalf of the Board

**Pradip Kanakia**

Partner

Membership Number: 39985

**Sudhakar Ram**

Managing Director and Group CEO

**S. Sandilya**

Non-Executive Chairman and Independent Director

**Farid Kazani**

Group CFO and Finance Director

**Bhagwant Bhargawe**

Company Secretary

Mumbai, April 22, 2015

Mumbai, April 22, 2015

## KEY STATISTICS

(₹ in Lakhs)

| Particulars   | 2010-11 | 2011-12 | 2012-13<br>(Nine months) | 2013-14 | 2014-15        |
|---|---------|---------|--------------------------|---------|----------------|
| Total Revenue   | 61,421  | 74,534  | 69,247                   | 93,428  | <b>101,258</b> |
| Operating Profit (EBIDT)  | 163     | 3,536   | 6,624                    | 10,130  | <b>7,274</b>   |
| Net Profit  | (5,594) | 50      | 3,432                    | 5,180   | <b>1,773</b>   |
| EPS (₹/share)   | (20.76) | 0.19    | 13.06                    | 21.08   | <b>7.94</b>    |
| DPS (₹/share)   | -       | -       | 3.00                     | 4.50    | <b>2.50</b>    |
| Annualised growth in  |         |         |                          |         |                |
| Revenue   | -15%    | 21%     | 25%                      | 1%      | <b>8%</b>      |
| Operating Profit  | -98.3%  | -       | 150%                     | 15%     | <b>-28.2%</b>  |
| Net Profit Margin   | -9%     | 0%      | 5%                       | 6%      | <b>2%</b>      |
| Depreciation and Amortization Expenses Ratio                        | 5%      | 4%      | 3%                       | 4%      | <b>4%</b>      |
| Interest Cover (Times)  | (46.78) | 5.06    | 111.48                   | 100.65  | <b>16.14</b>   |
| Return on Networth  | -11%    | 0.1%    | 6%                       | 9%      | <b>3%</b>      |
| Debt/Equity   | 0.04    | 0.01    | 0.00                     | 0.00    | <b>0.05</b>    |
| (Debt includes Preference Shares)                                   |         |         |                          |         |                |
| Current Ratio   | 1.8     | 2.4     | 2.4                      | 2.4     | <b>2.5</b>     |
| Debtors Turnover (No. of days)                                      | 97      | 88      | 81                       | 46      | <b>48</b>      |
| Depreciation and Amortization Expenses / Average Gross Block        | 6%      | 6%      | 4%                       | 7%      | <b>7%</b>      |
| Dividend Payout   | -       | -       | 23%                      | 21%     | <b>31%</b>     |
| Dividend Yield  | -       | -       | 2.5%                     | 2.2%    | <b>0.6%</b>    |
| Operating Cashflows   | 944     | (1,215) | 8,031                    | 8,912   | <b>5,898</b>   |
| Capital Expenditure in Fixed Assets                                 | 2,826   | 1,574   | 1,668                    | 2,953   | <b>4,816</b>   |
| Current Investments and Cash and bank balances                      | 15,903  | 13,785  | 15,904                   | 17,113  | <b>21,425</b>  |
| Current Investments and Cash and bank balances as % of Total Assets | 31%     | 18%     | 21%                      | 23%     | <b>26%</b>     |
| Book Value of Shares (₹/share)                                      | 182.07  | 198.17  | 216.30                   | 252.79  | <b>264.28</b>  |
| Market Value to Book Value  | 0.6     | 0.6     | 0.5                      | 0.8     | <b>1.6</b>     |
| Price Earning Multiple  | -       | -       | 9                        | 10      | <b>54</b>      |
| Group Employees as at the year end                                  | 2905    | 3083    | 3214                     | 3123    | <b>3352</b>    |
| Offshore (Numbers)  | 2138    | 2183    | 2377                     | 2315    | <b>2535</b>    |
| Onsite (Numbers)  | 767     | 900     | 837                      | 808     | <b>817</b>     |
| Off-shore Facility (Sq.feet)  | 343,554 | 343,554 | 343,554                  | 343,554 | <b>343,554</b> |
| Dividend - Equity (Including DDT)                                   | -       | -       | 865                      | 1,023   | <b>534</b>     |

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

(forms part of the Directors' Report of the Company's Annual Report FY 2014-15; figures mentioned are on a consolidated basis unless otherwise mentioned)

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- ❖ **Overview of the Industry and Business Environment**
- ❖ **Mastek - Business Update**
- ❖ **Review of financial and operating performance**
- ❖ **Business outlook**
- ❖ **Internal control systems and risk management**

Cautionary statement:

This Management Discussion and Analysis of the Company's performance and outlook may contain forward-looking statements that set out anticipated performance based on the management's plans and assumptions. Its aim is to facilitate a better understanding of the Company's prospects and make informed decisions. We cannot guarantee that any forward-looking statement will be realized, though we have been prudent in our plans and assumptions. The forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management analysis only as of the date hereof. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. For any further clarification please contact Mastek Investor Relations ([investor\\_relations@mastek.com](mailto:investor_relations@mastek.com)).

### Overview of Industry and Business Environment

#### Global Economy & IT

The Global economy is expected to grow at a slightly faster but moderately, with world GDP projected to grow by 3.1% in 2015 and 3.3% in 2016 largely driven by expansion of activity in high-income economies. US is expected to grow by 3.3% from 2.3% in 2014. The Euro area remained fragile, while growth is expected to improve to 1.3% from 0.8% in 2014; however the downside risk of slowdown in the Euro economy would remain the major concern.

China, Japan and the UK are expected to have a slightly lower growth in 2015. Many emerging markets are strengthening but the outlook has become more uncertain given the expectation that the US Federal Reserve (Fed) will begin raising interest rates in 2015. Monetary policy is expected to tighten next year in the US and UK.

China's success in steering its economy toward growth with subdued credit expansion, will determine if it avoids a hard-landing.

In India, business and consumer sentiment has improved significantly on expectations of a strong push toward economic reform and liberalization by the new government.

According to the latest forecast by Gartner, Worldwide IT spending is on pace to total \$3.8 trillion in 2015, a 2.4% increase from 3.9% in 2014, largely attributed to the rising U.S. dollar as well as a modest reduction in growth expectations for devices, IT services and telecom services.

In 2014, the global IT-BPM industry witnessed a steady growth; with worldwide spend was US\$ 2.3 trillion, growing at 4.6% over 2013. Global Sourcing grew by 9-10% over 2013. Growth was led by Software Products, IT and BPM services accounting for over US\$ 1.3 trillion – 55% of total spend. While the U.S remained the largest market which grew 4.8%, APAC recorded the highest growth of 5.1%, driven by faster growth in BPM industry services. India continued to hold on to its leadership position in the global outsourcing market with a share of 55% in 2014 mainly due to its ability to continuously evolve over time. (source: Nasscom)

BFSI and Manufacturing continued to gain momentum; emerging verticals like healthcare, communications and media, government were key growth drivers for IT industry during the year.

#### Insurance Industry

A recent report by IDC reveals that global insurers will increase IT spending to US\$101 billion in 2015, a Year-on-Year increase of 4.4% compared to 2014, with rigorous investments in technologies to boost efficiencies and innovation. Geographically, the cumulated spending for emerging markets is projected to be at US\$19 billion, this will rise at a 3-year CAGR of 6.7% between 2015 to 2018, which is double that of mature nations. In mature nations, the 3-year CAGR is expected to be 3.1% and globally to be 3.8%.

According to Celent report, total insurance IT spending across North America, Europe, Latin America, and Asia-Pacific is expected to grow over US\$162.1 billion in 2014, with continued growth to US\$176.7 in 2016 a CAGR of 4.4%. This upward shift is above last year's estimates and is a result of the cautious upturn in the global economy. The report indicates that Asia-Pacific insurers are expected to increase their IT spend by 12.8% from 2014 to 2016.

The P&C industry appears well on its way to a second year in a row of strong performance. A study by Munich Re expects that until 2020 the P&C insurance market will grow by approximately 50% compared with 2012 to €1.85trillion and the life insurance market by almost two-thirds to €3.1trillion.

The insurance industry has traditionally lagged behind other industries in adapting to and leveraging new technology. Over the last few years, many insurance companies, particularly in the P & C carriers, have been investing heavily in upgrading existing and/or deploying new systems. This has helped them improve their operational effectiveness and efficiency, thanks to new found abilities to more accurately analyze trends and risks

to the business and thereby improve underwriting. Over the last few years, we have seen potential acquirers seek to leverage the technology of target companies. Moreover technology can have a significant impact on valuations as companies seek strategic acquisitions to upgrade their systems.

We are seeing unprecedented investment by insurance carriers in policy administration systems (PAS) transformations. The convergence of ageing legacy platforms, complex market demands, and a more mature vendor landscape has ushered in a unique period in which it is possible for insurance carriers to change their policy administration systems with less risk than before. Carriers that make the change successfully will be well positioned to leap frog larger, better funded competitors thanks to improved product flexibility and timeliness, not to mention lower IT costs.

PAS transformations are benefitting carriers in three main areas: 1) speed to market 2) operational efficiency and 3) IT rationalization. More importantly, modern policy systems also allow carriers to improve the customer and agent experience, support multiple distribution systems, allow a single view of the customer, and enhance analytics capabilities.

Insurers across the globe are taking advantage of data analytics, cloud computing and new modeling software to improve their market segmentation strategies, minimize claims fraud, and fine-tune underwriting and risk management. New technology solutions will make it possible for these firms to optimize processes, increase collaboration internally and externally, and make it easier to demonstrate regulatory compliance.

#### Indian Market

India is the world's largest sourcing destination for the IT industry, accounting for 52% of the US\$ 124-130 billion market. The Indian IT-BPM sector grew at a CAGR of 25% over 2000-2013, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5% to US\$ 300 billion by 2020 as per NASSCOM.

NASSCOM estimates the revenue of the IT-BPM industry at \$119 billion grew by 12% in FY2015 with export market making up almost \$100 billion. The year witnessed hyper-growth in the technology start-up and software product landscape, India ranking as the fourth largest start-up hub in the world with over 3,100 start-ups in the country. Software products and services revenue for 2015-16 is projected to grow at 12-14%. Industry contribution relative to India's GDP is set to touch 9.5% and share in total services exports more than 38%.

Gartner expects Indian IT spending to reach \$73.3 billion in 2015, up 9.4% from \$67.1 billion in 2014, driven by digital business. The pace of IT spending in India may make it the third-largest IT market in the Asia-Pacific by 2016 and second-largest by 2018, after China, it said.

It further said that new government's emphasis on 'Digital India' initiative and use of technology to deliver citizen services is expected to help IT spending in the government sector in India to grow 5% to touch US\$ 7.2 billion in 2015. For the ongoing year, government IT spending is on pace to total US\$ 6.6 billion.

IT services are expected to grow 10.9% in 2014 to reach US\$ 1.8 billion in 2015, up from US\$ 1.6 billion in 2014, with business process outsourcing segment growing 22% during 2014, report said.

The adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's gross domestic product (GDP) by US\$ 550 billion to US\$ 1 trillion by 2025, as per research firm McKinsey.

India and U.S have agreed to jointly explore opportunities for collaboration on implementing India's ambitious ₹ 1.13 trillion (US\$ 18.22 billion) 'Digital India Initiative'. The two sides also agreed to hold the US-India Information and Communication Technology (ICT) Working Group in India later this year, this gives new opportunities for growth.

India continues to be the topmost offshoring destination for IT companies followed by China and Malaysia in second and third position, respectively. Emerging technologies present an entire new gamut of opportunities for IT firms in India. Social, mobility, analytics and cloud (SMAC) collectively

## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

provide a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30% to around US\$ 650-700 billion by 2020. Social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020.

### Mastek in UK

The UK economy has been recovering at a relatively strong rate since early 2013, although there were signs of a slight slowdown in growth in late 2014 due to problems in the Eurozone and other geopolitical uncertainties. The services sector is expected to remain the main engine of UK growth for both output and employment. Manufacturing and construction growth have slowed recently, but should remain positive contributors to overall UK growth in 2015-16.

As we had outlined in our last year's discussion, the G-Cloud platform is a new framework put in place by the UK government which lets small and medium companies bid directly for projects. Mastek has continued to ride the momentum it secured last year with wins in both the insurance and the government vertical apart from a marquee win in the retail segment too.

While there could be a slight lull in decision making in the market due to the elections process in the UK, we believe that the visibility and traction in the market is good and we will continue investing in both the insurance and the services business and are confident of the business delivering in this fiscal.

During the current year, we also entered into a joint venture agreement with "The Law Society" to form a separate company called Legal Practice Technologies (LPT). This company will set up a "Conveyancing Portal" that would completely automate processes which are a part of conveyancing of residential properties. This is another example of a transformational project where we will substantially bring down the cost of conveyancing for lawyers and hence the ultimate users who are the buyers and sellers. Mastek is building the entire software solution for this portal and the project is expected to go live by the end of this year. Given that it will be the only major such portal operating in the UK, we expect to have a significant market share of the conveyancing market over a 2/3 year kind of a timeframe.

### Revenue Analysis – UK (Table)

| Vertical                    | 2014-15<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue | 2013-14<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue |
|-----------------------------|--|-----------------|--|-----------------|
| Insurance                   | 3,847.3                                | 7.4             | 5,117.4                                | 11.9            |
| Government                  | 28,178.5                               | 54.0            | 22,264.4                               | 51.7            |
| Other Financial<br>Services | 10,147.2                               | 19.4            | 6,890.7                                | 16.0            |
| IT & Other<br>Services      | 10,015.3                               | 19.2            | 8,825.1                                | 20.4            |
| Total – IT services         | 52,188.3                               | 100.0           | 43,097.6                               | 100.0           |
| Other operating<br>revenue  | 600.3                                  |                 | 128.1                                  |                 |
| Total                       | 52,788.62                              |                 | 43,225.7                               |                 |

### Mastek in North America

Mastek operates in the Property & Casualty and the Life and Annuity segment in North America. This is the company's dominant market as far as our portfolio is concerned. The Company is seeing enough traction in this geography and is uniquely positioned to take advantage of the opportunities that would come our way.

In the North American insurance industry, the lines of businesses that spend the most on IT are Life and P&C. P&C insurers account for nearly half of total North American IT spending and are also the biggest buyers of insurance industry outsourcing. On average insurers spend between 3 to 4 percent of their direct written premiums (DWP) on IT.

Insurers of all sizes are looking to better align IT investments with business objectives to address current challenges as well as capitalize on growth opportunities, evidenced by the finding that half of all contract signings during the last three years were made by small/mid-sized insurers.

A survey of CFO's at North American P & C Insurers conducted by professional services company Towers Watson revealed that most of the firms have plans to invest heavily in their businesses in the coming years. About half said they plan to deploy capital in analytics, data or technology-related areas in the next one to two years. Many also intend to invest in enhancing their core data systems and infrastructure in a number of essential operational areas such as pricing, underwriting and product development. Technology presents the greatest challenge to execution for 44% of the respondents.

The Company continues to invest in product development in the P&C space and we further strengthened our practice by Majesco's acquisition of two firms Cover All Technologies, which is listed on the NYSE market and Agile Technologies in the US.

While Cover-All provides P&C insurance professionals a robust state-of-the-art, browser-based family of Policy, Business Intelligence, and Claims solutions designed to deliver products to market faster, enhance quality, ensure compliance, and reduce costs, Agile's strong consulting practice, business process optimization capabilities and additional technology services including data architecture strategy & services adds a complementary fit to our capabilities.

The two acquisitions give us size and scale and one of the key reasons for the acquisition was that it enables us to cross sell our offerings to our enhanced base of over 150 customers in the Insurance domain. The cross selling will manifest itself as strong growth from the insurance vertical in the coming years.

The Company is proud to have 9 of the top 25 P&C insurers as its customers and over 90% of our customers are engaged in active relationships while over 75% of our business in any year comes from existing customers.

### Revenue Analysis – NA (Table)

| Vertical                    | 2014-15<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue | 2013-14<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue |
|-----------------------------|--|-----------------|--|-----------------|
| Insurance                   | 37,232.5                               | 92.7            | 35,740.1                               | 87.2            |
| Government                  | -                                      | -               | -                                      | -               |
| Other Financial<br>Services | 988.8                                  | 2.5             | 2,673.3                                | 6.5             |
| IT & Other Services         | 1,939.0                                | 4.8             | 2,577.0                                | 6.3             |
| Total – IT services         | 40,160.3                               | 100.0           | 40,990.4                               | 100.0           |
| Other operating<br>revenue  | 334.4                                  |                 | 958.8                                  |                 |
| Total                       | 40,494.7                               |                 | 41,949.2                               |                 |

### Mastek in India and Asia Pacific

India continues to do well though it is a small part of the Company's operation. There has been a good momentum in the Insurance and Government space that we operate in India both in terms of revenues, and in terms of the gross profits from these lines of business.

### Revenue Analysis – IA (Table)

| Vertical                    | 2014-15<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue | 2013-14<br>(12 months)<br>(₹ in Lakhs) | % of<br>Revenue |
|-----------------------------|--|-----------------|--|-----------------|
| Insurance                   | 4,636.2                                | 59.1            | 4,007.5                                | 58.3            |
| Government                  | 1,723.5                                | 22.0            | 1,603.7                                | 23.3            |
| Other Financial<br>Services | 160.0                                  | 2.0             | 168.3                                  | 2.5             |
| IT & Other Services         | 1,327.9                                | 16.9            | 1,088.2                                | 15.9            |
| Total – IT services         | 7,847.6                                | 100.0           | 6,868.7                                | 100.0           |
| Other operating<br>revenue  | 127.4                                  |                 | 258.6                                  |                 |
| Total                       | 7,975.04                               |                 | 7,127.3                                |                 |



## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

### Review of Financial and Operating Performance

#### Financial performance review

Continuing on the trend witnessed last year, the current fiscal saw the company improving its revenue base particularly in Insurance products vertical as well as large complex solutions which has grown steadily..

#### Financials

On a consolidated basis, the Group registered total operating revenue of ₹ 101,258.4 lakhs in FY2015. This represents an annualized growth of 9.7% compared to ₹ 92,302.3 lakhs in FY2014. The Group registered a net profit of ₹ 1,773.1 lakhs in FY 2015 as compare to ₹ 5,179.6 lakhs in FY2014.

#### Break up of Revenue by regions

| Region                       | Year ended<br>March 31, 2015 |              | Year ended<br>March 31, 2014 |              |
|------------------------------|------------------------------|--------------|------------------------------|--------------|
|                              | (₹ in Lakhs)                 | % of Revenue | (₹ in Lakhs)                 | % of Revenue |
| UK                           | 52,788.6                     | 52.1         | 43,225.73                    | 46.8         |
| North America                | 40,494.7                     | 40.0         | 41,949.20                    | 45.4         |
| Others (India/ Asia Pacific) | 7,975.0                      | 7.9          | 7,127.36                     | 7.8          |
| Total Operating Revenue      | 101,258.4                    | 100          | 92,302.29                    | 100.00       |

The North American operations, registered a de-growth of 3.5% to ₹ 40,494.7 lakhs from ₹ 41,949.2 lakhs last year primarily due to 8.21% decrease in revenues from the traditional IT services business and a drop of 8.18% in the insurance vertical linked to a project being put on hold as guided at the beginning of year offset by an increase in P & C Insurance business.

The U.K. operations contributed ₹ 52,788.6 lakhs in revenue as compare to ₹ 43,225.7 lakhs during the corresponding period last year. The increase of 22.1% was led by 28.0 % growth in revenues from the UK government vertical which constituted 53.8 % of UK operations.

The share of total operating revenue of other Regions, i.e. India and Asia Pacific as a percentage of total operating revenue of the Group increased by 0.5%.

#### Break up of Revenue by verticals

| Vertical                    | 2014-15<br>(₹ in Lakhs) | % of Revenue | 2013-14<br>(₹ in Lakhs) | % of Revenue |
|-----------------------------|-------------------------|--------------|-------------------------|--------------|
| Insurance                   | 45,716.0                | 45.6         | 44,865.1                | 45.0         |
| Government                  | 29,902.0                | 29.8         | 23,868.1                | 26.2         |
| Financial Services          | 11,296.0                | 11.3         | 9,732.3                 | 10.6         |
| IT & Other Services         | 13,282.3                | 13.3         | 12,491.3                | 18.2         |
| Total – IT services revenue | 1,00,196.3              | 100.0        | 90,956.8                | 100.0        |
| Other operating revenue     | 1,062.1                 |              | 1,345.5                 |              |
| Total                       | 1,01,258.4              |              | 92,302.3                |              |

The key driver for the 1.9% growth in the insurance segment has been the revenues earned from new customers which was partly offset by reduction in revenues from existing customers.

The Government vertical grew by 25.3%, led by growth in business from UK Government Departments.

The Financial Services witnessed an increase of 16%, led by revenues from the Joint Venture Company in the UK and other existing customers in the UK. This was offset by reduction in revenues from customers in North America.

The IT & Other Services grew by 6.3%, led by IT Services provided to new customers.

#### Profitability

During the year ended March 31, 2015, the Group earned a profit of ₹ 1,773.1 Lakhs as compared to ₹ 5,179.6 lakhs for the year ended March 31, 2014, reflecting a drop of 65.8% largely on account of:

1. Exceptional costs on account of reorganization and merger related expenses of ₹ 1,166.1 lakhs.
2. Share of loss from the Legal Practice Technologies (LPT) JV in the UK region of ₹ 1,127.0 lakhs.
3. Higher product development expenses by ₹ 509.0 lakhs and increase in amortization of expenses by ₹ 119.0 lakhs on account of the acquisition of the insurance consulting business of Agile technologies.
4. And balance due to lower operating margins in the UK region with requirement to service onsite clients with security cleared resources in the government vertical.

#### Balance Sheet

##### Non-current Assets

##### A) Fixed Assets

Tangible assets as at March 31, 2015 were ₹ 6,582.71 lakhs as compared to ₹ 7,251.8 lakhs the previous year. This included a gross addition of ₹ 1,406.4 lakhs for purchase of computers, furniture and fixtures, vehicles, etc. and after considering depreciation of ₹ 2,028.7 lakhs for the 12 month period ended March 31, 2015 and foreign exchange translation adjustment of ₹ 29.2 lakhs. Intangible assets as at March 31, 2015 were ₹ 21,304.3 lakhs as compared to ₹ 18,830.2 lakhs the previous year. This included an addition of ₹ 3,410.0 lakhs on account of Goodwill and purchase of computer software and after considering depreciation of ₹ 1,690.8 lakhs for the 12 month period ended March 31, 2015 and foreign exchange translation adjustment of ₹ 6.3 lakhs.

##### B) Long-term loans and advances

Long term loans and advances were ₹ 5,329.3 lakhs as compared to ₹ 6,201.4 lakhs as at the end of previous year.

##### Current Assets

##### A) Current Investments and Cash and Bank Balances

The total current investments and cash and bank balances as on March 31, 2015 was ₹ 21,425.0 lakhs as compared to ₹ 17,113.3 lakhs in the previous year. The difference was primarily on account of Net cash generated from Operations of ₹ 5,898.29 lakhs, and purchase of fixed assets of ₹ 4,924.9 lakhs made during the 12 month period ended March 31, 2015.

##### B) Trade Receivables

Trade receivables as at March 31, 2015 stood at ₹ 13,349.0 lakhs as compared to ₹ 11,678.3 lakhs as at March 31, 2014. This is due to increase in the level of business.

##### C) Short Term Loans and Advances and Other Current Assets

The short term loans and advances was at ₹ 2,547.2 lakhs as at March 31, 2015 as compared to ₹ 2,356.2 lakhs as at March 31, 2014. Other current assets were lower at ₹ 8,899.1 lakhs as at March 31, 2015 as compared to ₹ 9,402.6 lakhs as at March 31, 2014. The decrease was primarily on account of Accrued Revenue of ₹ 6,671.8 lakhs as compared to ₹ 8,797.0 lakhs.

#### Shareholders' Funds

Total shareholders' funds as at March 31, 2015 stood at ₹ 59,585.5 lakhs as compared to ₹ 56,019.0 lakhs. The increase was mainly on account of

## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

profit for the year of ₹ 1,773.1 lakhs, increase of ₹ 1,849.7 lakhs in Hedging Reserve and ₹ 539.5 lakhs increase in Securities premium account. This was offset by Dividend outflow of ₹ 973.90 lakhs

### Non-current Liabilities

The total non-current liabilities stood at ₹ 4,675.8 lakhs as at March 31, 2015 as compared to ₹ 2,617.4 lakhs as at March 31, 2014. The increase was mainly on account of Term Loan availed of ₹ 1,875.0 lakhs and ₹ 693.8 lakhs for Contingent consideration payable on business acquisition. This was partly offset by reduction in provision for gratuity of ₹ 727.2 lakhs.

### Current Liabilities

The total of current liabilities as at March 31, 2015 was ₹ 18,907.5 lakhs as compared to ₹ 16,736.57 lakhs as at March 31, 2014. The increase was due to availment of Working Capital Line of Credit amounting to ₹ 918.8 and increase of ₹ 866.2 lakhs and ₹ 1,067.3 lakhs in Trade Payables and Other Current Liabilities respectively. This was partly off-set by reduction in short-term provisions of ₹ 681.3 lakhs.

### Operations review

Operational delivery within Mastek has always been a core attribute. The Company aligned the delivery organization to focus on improving the overall productivity and efficiency levels within projects. In the P&C market, Company's PAS technology have been rated higher than its peers including Guidewire and Duck Creek..

The Company continued to invest in product development of the insurance platforms in North America. During the 12-month period ended FY 2014-15, the Company spent ₹ 6,355.0 lakhs as compared to ₹ 5,846.0 lakhs in FY 2013-14.

### Client Wins during the year

Mastek added 19 clients during the year and we finished the year at 153\_ active clients. The client profile includes some marquee names across the insurance in US and the government organizations in the US & UK.

**Update on Board of Directors:** The Mastek Board currently has 10 members, of which 6 are Independent Directors and the remaining 4 are Promoter Directors.

**Update on Management:** Key additions to the senior leadership team within Majesco Insurance Group include:

- Ed Ossie, former President of Innovation Group PLC and an M&A Director at Corum Group, has joined Majesco as Chief Operating Officer. In this role he will be responsible for key growth and operational initiatives besides corporate development and strategy.
- Chad Hersh, best known as a leading insurance industry researcher and analyst having served as a managing director within the insurance research practice at Novarica and a senior analyst at Celent, has joined Majesco as Executive Vice President. In this role, he will lead the life & annuity and group & worksite benefits businesses.
- Bill Freitag, founder and CEO of Agile Technologies, has joined Majesco as Executive Vice President responsible for growing the consulting business.

### Update on progress of Demerger

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions, if any of the Companies Act, 2013, the Board of Directors of Mastek Limited (the "Company" or "Mastek"), in its meeting held on September 15, 2014, had approved the demerger of the Insurance Products and Services business of the Company, into a new company, Minefields Computers Limited ("Minefields"), to be renamed as Majesco Limited ("Majesco India"), to be followed by transfer by Majesco India of the offshore insurance operations business in India to Majesco Software and Solutions India Private Limited

("MSSIPL"), a wholly owned subsidiary of Majesco Software and Solutions Inc., USA ("MSSUS"). The Appointed date of the Scheme will be April 1, 2014 or any other date as decided by the Board of Directors and the appointed date for the offshore insurance operations business transfer will be November 1, 2014 or any other date as decided by the Board of Directors – both these dates will be subject to approval by the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat. On approval of the Scheme by the respective High Courts, Mastek shareholders will get one equity share of Majesco India for every share held in Mastek, over and above their existing Mastek shares. Majesco India is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed. Under the proposed restructuring, Mastek will continue with the Solutions business. The company has obtained necessary approval for the scheme under Clause 24 (f) of the Listing Agreements with BSE and NSE from SEBI on December 9, 2014 and is in the process of obtaining requisite approval from the respective High Courts.

The Insurance Products and Services business of the Company as well as its investment in Majesco, USA will be transferred to Minefields on approval of the Scheme from the respective High Courts (Collectively the "Transferred Undertakings").

**People Strength:** As on March 31, 2015, the Company had a total head-count of 3,352 of which about 24.4% were based on-site while the rest were at various offshore locations as compared to a total of 3,123 employees at the end of March 31, 2014. The Company continues to recruit fresh talent and intends to add more technical resources at various levels during the new fiscal.

**Interim Dividend:** The board recommended a Final Dividend of ₹ 1/- and along with the interim dividend of ₹ 1.50 this amounts to ₹ 2.50 per share.

**Awards/Accolades - Mastek,** either directly or through its clients was also recipient of many awards in India, notable among those being:

- Mastek ranked 67th in the Leader category in the 'The 2013 Global Outsourcing 100 service providers' list by The International Association of Outsourcing Professional (IOAP)
- Mastek's Elixir Distribution Management(EDM) solution received the Celent's XCelent Service Award, 2013
- Majesco U.S., a subsidiary of Mastek in USA, positioned as a Leader in Gartner's First Magic Quadrant for P&C Insurance Policy Management Modules

### BUSINESS OUTLOOK

The demerger is a win-win as the insurance and solutions businesses will get enhanced management focus and operational flexibility apart from independently pursuing their growth plans through organic/inorganic means. The arrangement also creates a platform for both businesses to enhance their financial flexibility.

The two acquisitions on the insurance business will strengthen the overall portfolio of products to cater to the growing market in North America and will enable Majesco to actively compete for larger and more complex assignments in the future.

On the solutions side, Mastek sees traction building up in the UK through the G-Cloud framework. This is largely a UK government initiative to structure smaller deals and procure directly through the small medium players rather than go on for large huge programs which have had a high failure rate which plays to our advantage. On the UK retail front too where apart from a large marquee client, the company has plans to service other Tier-I accounts. On the UK financial services side, the focus is on micro-lending clients.

The Joint Venture with The Law Society of England and Wales (TLS), United Kingdom named Legal Practice Technologies Limited (LPTL) is in the process of building a platform which is a conveyancing portal branded as "Veyo" to be used by solicitors on real estate transactions and it has already garnered sufficient interest from the legal community in the UK. The Veyo portal should do well in terms of getting a good market share of all the real estate transactions happening in the UK



## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

In India, the business was a bit slow last year due to the elections but the new government has announced its intentions of bolstering the IT framework and we do believe that there will be a lot of large unbundled opportunities that Mastek can address.

### INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Mastek's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrices and to identify opportunities and risks with regard to its business operations.

#### Internal control systems

The Company has mechanisms in place to establish and maintain adequate internal controls over all operational and financial functions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines, and regulations as applicable in a transparent manner.

Mastek maintains adequate internal control systems that provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. The Company uses an enterprise resource planning (ERP) package that enhances the efficiency of its internal control mechanism.

The Company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Mastek has appointed an independent audit firm as its Internal Auditors, and the Audit Committee reviews its findings and recommendations at periodic intervals. Mastek's internal control system is adequate considering the nature, size and complexity of its business. Mastek has also put in place a strong enterprise risk management function which oversees the risk management of the Company on an ongoing basis.

**Enterprise Risk Management:** The primary objective of the Enterprise Risk Management (ERM) function is to:

- Provide a framework that enhances risk response decisions
- Reduce operational surprises and thereby losses
- Identify and manage cross-enterprise risks

The ERM policy, approved by the Board, lays down the risk management process, expected outcomes, governance and reporting structure. The policy also stresses on the importance of having a strong risk culture for ERM to succeed.

**Risk Governance Structure:** Mastek has put in place a strong risk governance model to ensure risk management principles are followed throughout the organization and a risk culture inculcated. This ERM process and policy is approved by the Governance Committee of the Board and is executed through the Risk Management Committee (RMC) represented by the business and functional heads within Mastek. The RMC is responsible for:

- Being the primary champion of risk management at strategic and operational level
- Setting policy and strategy for enterprise risk management
- Ensuring that risk management policies are implemented with the right spirit through a monitoring mechanism
- Building a risk aware culture within the organization including appropriate trainings
- Informing the Board (through the Audit Committee) about the ERM status & top risks of the Company on a timely basis

**Risk Champions:** The RMC is supported by the risk champions who are responsible for:

- providing oversight to line managers who manage risk on a day-to-day basis
- promoting risk awareness within their operations
- ensuring that risk management is incorporated right from the conceptual stage of projects / opportunities

- ensuring compliance to the risk management procedures
- providing periodic reports to the RMC.

A discussion of key risks and concerns, and measures aimed at mitigating them, are discussed in the following paragraphs.

**Strategic risks:** The Company could be susceptible to strategy, innovation, and business or product portfolio related risks if there is any significant and unfavorable shift in industry trends, customer preferences, or returns on R&D investments. Mastek does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent. The Company's investments in intellectual property creation too are being done in a measured manner and are focused more on extending and strengthening existing offerings rather than on new business or end-use/application areas.

**Macro-economic risks:** Risks emanating from changes in the global markets such as the recent financial meltdown, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movements in economic cycles in the Company's target markets and volatility in foreign currency exchange rates could have a negative impact on the Company's performance. This risk is mitigated to some extent due to the Company's presence in multiple, diverse markets from Europe to Malaysia and India. The Company also takes necessary steps such as forex hedging to mitigate exchange rate risks.

**Competition-led risks:** Mastek operates in a highly competitive industry, replete with much bigger competitors, in both India and abroad. Shifts in clients' and prospective clients' dispositions could affect its business. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.

**Dependence on Key Personnel:** Mastek has one of the best management teams in the industry and this has been a critical enabler of its operating successes. Any loss of personnel through attrition or other means may have an impact on the Company's performance. Mastek does endeavor to have an effective succession plan in place to mitigate these risks.

**Client and account risks:** The Company's strategy is to engage with a few strategic customers and build long-term relationships with them. Any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook. Mastek does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

**Contractual, execution and delivery related risks:** The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. Mastek does have mechanisms in place to try and prevent such situations, as well as insurance cover as necessary.

**Acquisition/M&A related risks:** Well-considered, properly evaluated and strategic acquisitions form part of the Company's growth strategy. There is no guarantee, however that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the Company would undertake all due care and diligence in the process of making any acquisition.

In addition to the aforementioned issues, there are multiple other risk factors that the Company believes it will need to take cognizance of and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions.

The Company does take necessary insurance or related cover in cases as necessary.

## FREQUENTLY ASKED QUESTIONS (FAQS) 2015

Shareholders and investors are advised to go through the section on Management Discussion & Analysis and Investor information provided in the Report on Corporate Governance, as these and other parts of this Annual Report provide substantial information about the Company that you may find relevant and useful.

### 1. WHEN WAS MASTEK LTD INCORPORATED AND WHEN DID IT HAVE ITS INITIAL PUBLIC OFFER?

Mastek Ltd. was incorporated in the name and style of Management and Software Technology Private Limited on May 14, 1982. The first public offering was made in December 1992 at a price of Rs.70/- (premium Rs.60/-) followed by another public issue in 1996 at a price of Rs.190/- (premium of Rs.180/-). The Company issued bonus shares in the ratio of 1:1 in January 2000. The Company's shares were sub divided from Rs.10/- to Rs.5/- in November 2000. The Company issued bonus shares in the ratio of 1:1 in April 2006.

### 2. WHICH ARE THE SUBSIDIARIES OF MASTEK LIMITED AND WHERE ARE THEY LOCATED?

Mastek Limited has the following subsidiaries located in respective countries:

Majesco in USA.  
 Majesco Software and Solutions Inc. in USA.  
 Majesco Canada Ltd in Canada.  
 Mastek (UK) Limited in UK.  
 Mastek Asia Pacific Pte. Ltd in Singapore.  
 Majesco Sdn. Bhd. in Malaysia.  
 Majesco MSC (Thailand) Co. Ltd in Thailand.  
 Minefields Computers Ltd in India.  
 Majesco Software and Solutions India Pvt Ltd in India.

In addition to the above subsidiaries, Mastek has a branch in UK.

### 3. WHAT IS THE CORE BUSINESS OF MASTEK LIMITED?

Mastek is an IT solutions player with global operations providing new technology and intellectual property led enterprise solutions to insurance, government, and financial services organizations worldwide. Mastek's strengths are in architecting solutions for large, complex and mission critical business problems, and delivering these solutions with high levels of predictability.

### 4. WHAT IS THE EMPLOYEE STRENGTH OF MASTEK GROUP?

As on March 31, 2015, the Mastek Group had 3,252 employees.

### 5. HOW MANY SOFTWARE DEVELOPMENT CENTRES DOES MASTEK HAVE?

Mastek has seven development centers out of which five are located in around Mumbai, India and one each in Pune and Chennai, India.

### 6. HOW MANY MARKETING OFFICES DOES MASTEK HAVE?

Mastek has 15 Marketing offices located across multiple geographies: 3 in UK, 1 each in Singapore, Malaysia, Thailand, 7 in USA, 1 in Canada and domestic marketing offices in Mumbai and New Delhi.

### 7. WHAT IS THE FISCAL YEAR FOR MASTEK?

The Fiscal Year of the Company is April 01-March 31 every year.

### 8. WHAT IS THE DIVIDEND TRACK RECORD OF MASTEK LIMITED?

| Fiscal Year | Share Outstanding<br>₹ in Mn | Dividend per share | Total Dividend in<br>₹ in Lakhs |
|-------------|------------------------------|--------------------|---------------------------------|
| 1993*       | 3.00                         | 2.50               | 46.88                           |
| 1994*       | 3.00                         | 3.50               | 104.98                          |
| 1995*       | 3.06                         | 3.50               | 105.30                          |
| 1996*       | 3.46                         | 3.50               | 109.93                          |
| 1997*       | 3.46                         | 3.50               | 120.98                          |
| 1998*       | 3.46                         | 3.50               | 120.98                          |
| 1999*       | 3.46                         | 4.00               | 138.26                          |
| 2000*       | 6.91                         | 4.00               | 276.53                          |
| 2001        | 13.88                        | 2.00               | 277.67                          |
| 2002        | 13.97                        | 3.00               | 419.07                          |
| 2003        | 14.11                        | 3.00               | 423.42                          |
| 2004        | 13.88                        | 3.00               | 416.40                          |
| 2005        | 13.87                        | 7.50               | 1036.11                         |
| 2006        | 28.14                        | 6.50               | 1403.12                         |
| 2007        | 28.46                        | 7.50               | 2132.34                         |
| 2008        | 27.62                        | 10.00              | 2557.70                         |
| 2009        | 26.90                        | 10.00              | 2679.34                         |
| 2010        | 26.94                        | 3.25               | 876.30                          |
| 2011        | 26.95                        | -                  | -                               |

## FREQUENTLY ASKED QUESTIONS (FAQS) 2015 (contd.)

| Fiscal Year | Share Outstanding<br>₹ in Mn | Dividend per share | Total Dividend in<br>₹ in Lakhs |
|-------------|------------------------------|--------------------|---------------------------------|
| 2012        | 27.02                        | -                  | -                               |
| 2013        | 24.64                        | 3.00               | 739.15                          |
| 2014        | 22.16                        | 4.50               | 1040.59                         |
| 2015        | 22.55                        | 2.50               | 563.94                          |

\*indicates dividend on face value of ₹ 10 per share.

**9. HOW DOES ONE GET THE ANNUAL REPORT AND QUARTERLY RESULTS OF MASTEK?**

The Annual Report as well as quarterly results along with analysis are available on our website [www.mastek.com](http://www.mastek.com) in the "Investors" section.

**10. WHO IS THE SHARE TRANSFER AGENT?**

The Registrar and Share Transfer Agent of Mastek is:

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED  
Samhita Warehousing Complex,  
13AB, Gala No. 52,  
Near Sakinaka Telephone Exchange,  
Off Andheri Kurla Road,  
Andheri (East),  
Mumbai – 400 072  
Phone: 6772 0300/6772 0400 / Fax: 2837 5646  
e-mail: [saritam@shareproservices.com](mailto:saritam@shareproservices.com) / [Indira@shareproservices.com](mailto:Indira@shareproservices.com)  
Contact Person: Ms. Indira Karkera / Ms. Sarita

**11. HOW DOES ONE TRANSFER HIS/HER SHARES OR CHANGE THE ADDRESS WITH THE TRANSFER AGENT?**

For the transfer of shares in physical form and noting your change of address, you need to write to our share transfer agent at the above mentioned address.

Transfer of shares in the electronic mode is effected through your depository participant.

**12. WHOM DOES ONE CONTACT IN CASE OF NON-RECEIPT OF DIVIDEND, LOSS OF SHARE CERTIFICATES ETC?**

You may contact Sharepro Services, which will advise you accordingly. You may also communicate with the Company in the event of any unresolved issues via Email at [investor\\_grievances@mastek.com](mailto:investor_grievances@mastek.com).

**13. IS ELECTRONIC CLEARING SERVICE (ECS) FACILITY AVAILABLE FOR PAYMENT OF DIVIDEND?**

Mastek extends ECS facility to all its shareholders. The dividend amount of shareholders availing ECS facility is directly credited to their bank accounts. Shareholders holding shares in physical form have to submit an ECS Mandate form to Sharepro Services whose address is given above.

**14. WHICH ARE THE STOCK EXCHANGES WHERE MASTEK SHARES ARE LISTED?**

Mastek's shares are listed in India on National Stock Exchange of India Limited and BSE Limited.

**15. HOW CAN THE SHARES BE DE-MATERIALIZED AND WHO ARE THE DEPOSITORY PARTICIPANTS (DP)?**

Mastek's shares are traded only in electronic form with effect from June 2000. Shares can be dematerialized by opening the demat account with the depository participant (DP). DPs are some of the banks, brokers and institutions who have been registered with National Securities Depository Limited (NSDL) or Central Depository Services (I) Limited (CDSL). A comprehensive list of DPs is available at [www.nsdl.com](http://www.nsdl.com) and [www.cdslindia.com](http://www.cdslindia.com). Mastek's shares are traded only in electronic form with effect from June 2000. Shares can be dematerialized by opening the demat account with the depository participant (DP). DPs are some of the banks, brokers and institutions who have been registered with National Securities Depository Limited (NSDL) or Central Depository Services (I) Limited (CDSL). A comprehensive list of DPs is available at [www.nsdl.com](http://www.nsdl.com) and [www.cdslindia.com](http://www.cdslindia.com).

**16. HOW DOES ONE INFORM THE COMPANY TO SEND THE ANNUAL REPORT, OR ANY OTHER CORRESPONDENCE TO BE SENT IN ELECTRONIC FORM TO SAVE THE TIME AND HAVE SPEEDY COMMUNICATION?**

The following application form can be filled and sent to the Registrar and Share Transfer Agent of the Company.

Form for registering e-mail id for receiving documents/notices by electronic mode  
(with reference to the circular no. 17/2011 dated 21st Day of April, 2011 issued by the Ministry of Corporate Affairs, Govt. of India)

To,

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED  
Unit:- MASTEK LIMITED  
Samhita Warehousing Complex,  
13AB, Gala No. 52,  
Near Sakinaka Telephone Exchange,  
Off Andheri-Kurla Road,  
Andheri (East),  
Mumbai – 400 072

## FREQUENTLY ASKED QUESTIONS (FAQS) 2015 (contd.)

I agree to receive all documents/ notices from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail. The required details are as under:-

|                                 |  |
|---------------------------------|--|
| Folio No. (for Physical Shares) |  |
| DP ID                           |  |
| Client ID                       |  |
| PAN                             |  |
| Name of 1st Registered holder   |  |
| Name of Joint Holder (s)        |  |
| Registered Address              |  |
| Email ID                        |  |

### 17. **FAQs on De-merger**

#### 1. **What does the Scheme of Arrangement envisage?**

The Scheme envisages:

- Demerger of Insurance Products and Services Business of Mastek Limited to Minefields Computers Limited (MCL) (to be renamed as Majesco Limited pursuant to the Scheme) with effect from 1st April, 2014.
- Transfer of Offshore Insurance Operations Business of MCL by way of slump sale to MSSIPL with effect from 1st November, 2014.

#### 2. **What is the rationale/reasons for such an arrangement/demerger?**

Insurance Products & Services business is an IP driven business model largely US centric. This business needs investments to capitalize on the large opportunity in US market. At the same time, Vertical Solutions business which is focused in the UK market, need to address newer opportunities and expand the client footprint. Proposed restructuring will enable both the businesses to function independently and focus on their growth plans

#### 3. **Why has the company felt the need to restructure?**

- Businesses are different in terms of business model, growth opportunities, investment required, and, staff profile.
  - o While the Insurance Products & Services business offers us tremendous growth potential, it has high investment requirements in terms of R&D, Brand Building and sales.
  - o The Vertical Solutions business offers steady growth which is more profitable with less investment.
- Combining these businesses under one umbrella has made it difficult for each of these businesses to perform to full potential.
- The differing risk-reward profiles of these two businesses has led to sub-optimal overall performance of the company.
- In order to mitigate these challenges, management has decided to restructure the business

#### 4. **What benefits are expected out of restructuring?**

- Insurance Products & Services business with higher R&D investment and specialized skillsets will be able to gain market leadership. This will lead to higher license revenue and higher profitability.
- Solution enjoys good reputation for delivering complex, green-field programs within UK and Indian government. This restructuring presents an opportunity to focus on building new capabilities and addressing new markets within the vertical solutions business
- Restructuring will provide an opportunity to the shareholders to participate in the business of their choice based on their risk reward profile
- Demerger would facilitate independent value discovery of both the businesses leading to maximization of value for shareholders

#### 5. **What is the share entitlement ratio?**

Every shareholder of Mastek will get 1 share in Minefields Computers Limited for every share held in Mastek and the shareholder will continue to hold the original Mastek share.

#### 6. **What is the appointed date for the transaction?**

The appointed date for the demerger is April 1, 2014

#### 7. **What is the effective date for the transaction?**

Post approval of the scheme of arrangement by the Hon'ble Bombay and the Gujarat High Court the scheme of arrangement is required to be filed with the RoC which is when the scheme will become effective.

#### 8. **Why is the appointed date for the demerger retrospective?**

The decision by the Board of Directors of Mastek to carry out the De-merger was taken in September 2014. Hence, the Appointed date for the demerger is kept as April 1, 2014.

#### 9. **When will the new company get listed?**

Minefields Computers Limited will be listed on the stock exchanges when the Hon'ble Bombay and Gujarat High Court approve the scheme of arrangement and the same is made effective. The listing approval process will take approx. 60-75 days, post the scheme becoming effective.

#### 10. **What will be the composition of the new board?**

The Board of the new company will be decided in due course.

#### 11. **What will be the capital structure of the new company?**

The share capital of the new company (i.e.MCL) will be same as Mastek Ltd.

#### 12. **Are you planning to delist either of these companies post demerger?**

No

# **DIRECTORS' REPORT**

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors has pleasure to forward the following Report for the year ended March 31, 2015.

### 1. FINANCIAL RESULTS – CONSOLIDATED RESULTS OF MASTEK LIMITED AND ITS SUBSIDIARIES

₹ in Lakhs

| PARTICULARS                            | Year Ended        | Year Ended     |
|--|-------------------|----------------|
|  | March 31, 2015    | March 31, 2014 |
| Revenue                                |                   |                |
| Income from IT Services                | <b>100,196.28</b> | 90,956.76      |
| Other operating revenue                | <b>1,062.11</b>   | 1,345.53       |
| Total Operating Revenue                | <b>101,258.39</b> | 92,302.29      |
| Other Income                           | <b>1,711.34</b>   | 1,125.91       |
| Total Revenue                          | <b>102,969.73</b> | 93,428.20      |
| Expenses                               | <b>95,695.96</b>  | 83,298.20      |
| Depreciation and amortization expenses | <b>3,733.43</b>   | 3,287.28       |
| Finance costs                          | <b>147.10</b>     | 67.98          |
| Exceptional items                      | <b>1,166.12</b>   | -              |
| Profit before tax                      | <b>2,227.12</b>   | 6,774.74       |
| Tax expense                            | <b>454.07</b>     | 1,595.18       |
| Profit after tax                       | <b>1,773.05</b>   | 5,179.56       |

### FINANCIAL RESULTS – MASTEK LIMITED

| PARTICULARS                                    | Year Ended       | Year Ended     |
|--|------------------|----------------|
|  | March 31, 2015   | March 31, 2014 |
| Revenue  |                  |                |
| Income from IT services                        | <b>66,048.24</b> | 54,459.34      |
| Other operating revenue                        | <b>463.73</b>    | 598.00         |
| Other Income                                   | <b>2,305.40</b>  | 2,129.94       |
| Total Revenue                                  | <b>68,817.37</b> | 57,187.28      |
| Expenses                                       | <b>58,769.70</b> | 49,766.64      |
| Depreciation and amortization expenses         | <b>2,702.38</b>  | 2,566.34       |
| Finance costs                                  | <b>27.43</b>     | 26.87          |
| Exceptional Items – (gain) / loss, net         | <b>(494.95)</b>  | 1,555.01       |
| Profit before tax                              | <b>7,812.81</b>  | 3,272.42       |
| Tax expense                                    | <b>374.06</b>    | 575.31         |
| Profit after Tax                               | <b>7,438.75</b>  | 2,697.11       |
| Add: Profit brought forward from Previous year | <b>29,311.97</b> | 28,157.93      |
| Profit available for appropriation             | <b>36,750.72</b> | 30,855.04      |
| Dividend                                       | <b>(563.94)</b>  | (1,040.59)     |
| Dividend Distribution Tax*                     | <b>(30.37)</b>   | (17.52)        |
| Transferred to General Reserve                 | <b>180.00</b>    | 520.00         |
| Balance carried to Balance Sheet               | <b>36,037.15</b> | 29,311.97      |

\* Net of credit received in respect of tax paid under Section 115BDD of Income Tax Act, 1961

### 2. RESULTS OF OPERATIONS

#### A) Mastek Consolidated Operations

##### Financials

On a consolidated basis, the Group registered total operating revenue of ₹ 101,258.39 lakhs for the year ended March 31,

2015 as compared to ₹ 92,302.29 lakhs for the year ended March 31, 2014, i.e. a growth of 9.7%.. The Group registered a net profit of 1,773.05 lakhs in the year ended March 31, 2015 as compared to ₹ 5,179.56 lakhs in the year ended March 31, 2014, i.e. a de-growth of 65.8%.

#### Breakup of the Operating Revenue by regions

| Region                      | Year ended         |                | Year ended     |                |
|-----------------------------|--------------------|----------------|----------------|----------------|
|                             | March 31, 2015     | March 31, 2015 | March 31, 2014 | March 31, 2014 |
|                             | ₹ in Lakhs         | % of Revenue   | ₹ in Lakhs     | % of Revenue   |
| UK                          | <b>52,788.62</b>   | <b>52.1</b>    | 43,225.73      | 47.5           |
| North America               | <b>40,494.73</b>   | <b>40.0</b>    | 41,949.20      | 45.1           |
| Others (India/Asia Pacific) | <b>7,975.04</b>    | <b>7.9</b>     | 7,127.36       | 7.4            |
| Total Operating Revenue     | <b>1,01,258.39</b> | <b>100.0</b>   | 92,302.29      | 100.0          |

The U.K. operations contributed ₹ 52,788.62 lakhs in total operating revenue as compared to ₹ 43,225.73 lakhs during the year ended March 31, 2014, representing an increase of 22.1%. This was due to 28.0% growth in revenues from the UK government vertical which constituted 53.8% of UK operations.

The North America operations, on the other hand, registered a decrease in its total operating revenue by ₹ 1,454.47 lakhs (3.5%), primarily on account of 8.21 % decrease in revenues from the traditional IT services business and a drop of 8.18% in the insurance vertical linked to a project being put on hold as guided at the beginning of year.

The share of total operating revenue of other Regions, i.e. India and Asia Pacific as a percentage of total operating revenue of the Group increased by 0.5%.

#### Breakup of the Operating Revenue by Verticals

| Vertical                    | 2014-15<br>(in ₹ Lakhs) | % of Revenue | 2013-14<br>(in ₹ Lakhs) | % of Revenue |
|-----------------------------|-------------------------|--------------|-------------------------|--------------|
| Insurance                   | <b>45,716.4</b>         | <b>45.6</b>  | 44,865.0                | 49.3         |
| Government                  | <b>29,902.3</b>         | <b>29.8</b>  | 23,868.1                | 26.3         |
| Financial Services          | <b>11,296.5</b>         | <b>11.3</b>  | 9,732.3                 | 10.7         |
| IT & Other Services         | <b>13,281.1</b>         | <b>13.3</b>  | 12,491.4                | 13.7         |
| Total – IT services revenue | <b>1,00,196.3</b>       | <b>100.0</b> | 90,956.8                | 100.0        |
| Other operating Revenue     | <b>1,062.1</b>          |              | 1,345.5                 |              |
| <b>Total</b>                | <b>1,01,258.4</b>       |              | 92,302.3                |              |

The insurance vertical as a proportion to total IT services revenue dropped by 3.7% in FY 2014-15 as compared to the previous year primarily due to the drop in the insurance revenue in North America linked to a project being put on hold at the start of the year. However, in rupee terms the revenues grew marginally by 1.9%. The government vertical witnessed a robust growth in the UK region which resulted in the overall share of revenue growing by 3.5% in FY 2014-15 as compared to the previous year. In rupee terms the government revenue grew at a healthy rate of 25.3% helped by a better exchange rate in FY 2014-15. The IT and other services vertical grew by



6.3% in rupee terms with good growth in the retail clients in the UK region.

### Profitability

During the year ended March 31, 2015, the Group earned a profit of ₹ 1,773.1 Lakhs as compared to ₹ 5,179.6 lakhs for the year ended March 31, 2014, reflecting a drop of 65.8% largely on account of:

1. Exceptional costs on account of reorganization and merger related expenses of ₹ 1166.1 lakhs.
2. Share of loss from the Legal Practice Technologies (LPT) JV in the UK region of ₹ 1,127.0 lakhs.
3. Higher product development expenses by ₹ 509.0 lakhs and increase in amortization of expenses by ₹ 119.0 lakhs on account of the acquisition of the insurance consulting business of Agile technologies.
4. And balance due to lower operating margins in the UK region with requirement to service onsite clients with security cleared resources in the government vertical.

### Mastek standalone operations

On a stand-alone basis, Mastek reported an operating income of ₹ 66,512.0 lakhs for the year ended March 31, 2015, as compared to ₹ 55,042.7 lakhs for the year ended March 31, 2014. The Company made a Net profit of ₹ 7,438.8 lakhs for the year ended March 31, 2015 as compared to Net Profit of ₹ 2,697.1 lakhs for the year ended March 31, 2014, representing a growth of 176%, on account of higher revenues, better margins on offshore projects in FY 2014-15 and the exceptional loss incurred in the previous year of ₹ 1555.0 lakhs due to provision for other than temporary decline in value of investments in Majesco Canada Limited.

### Update on progress of Demerger

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of Mastek Limited (the "Company" or "Mastek"), in its meeting held on September 15, 2014, had approved the demerger of the Insurance Products and Services business of the Company, into a new company, Minefields Computers Limited ("Minefields"), to be renamed as Majesco Limited ("Majesco India"), to be followed by transfer by Majesco India of the offshore insurance operations business in India to Majesco Software and Solutions India Private Limited ("MSSIPL"), a wholly owned subsidiary of Majesco Software and Solutions Inc., USA ("MSSUS"). The Appointed date of the Scheme will be April 1, 2014 or any other date as decided by the Board of Directors and the appointed date for the offshore insurance operations business transfer will be November 1, 2014 or any other date as decided by the Board of Directors – both these dates will be subject to approval by the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat. On approval of the Scheme by the respective High Courts, Mastek shareholders will get one equity share of Majesco India for every share held in Mastek, over and above their existing Mastek shares. Majesco India is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed. Under the proposed restructuring, Mastek will continue with the Solutions business. The company has obtained necessary approval for the scheme under Clause 24 (f) of the Listing Agreements with BSE and NSE from SEBI on December 9, 2014 and is in the process of obtaining requisite approval from the respective High Courts.

The Insurance Products and Services business of the Company as well as its investment in Majesco, USA will be transferred to Minefields on approval of the Scheme from the respective High Courts (Collectively the "Transferred Undertakings").

### 3. HOLDING AND SUBSIDIARIES

Your Company continues to be the Holding Company of Mastek UK Limited, Majesco USA and newly created Minefields Computers Limited.

During the year under review, as part of the demerger plan approved for the Insurance Products and Services business, Majesco Canada Ltd and Majesco Msc Sdn Bhd, Malaysia. ceased to be the Subsidiary Companies of your Company. Further during the year, Minefields Computers Limited became a subsidiary Company of your Company. Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint venture are given in Annexure 1

### 4. INDUSTRY SCENARIO

In FY2016, NASSCOM expects the industry to add revenues of \$20bn to the existing industry revenues of \$146bn. Export revenues for FY2016 is projected to grow by 12-14% and reach \$110-112 bn. Domestic revenues (including ecommerce) for the same period will grow at a rate of 15-17% and is expected to reach \$55-57 bn during the year.

According to Gartner's latest quarter forecast, worldwide IT spending in 2015 is expected to shrink by 1.3%, down from 2.4% growth forecast in last quarter's update; recent depreciation of GBP, Euro and AUD against USD has led to drop in the forecast. On a constant currency basis, growth figure is 3.1%, only off 0.6% from last quarter's update. IT services spending is expected to contract slightly to \$942 bn in CY 2015; down from \$948 bn in CY 2014.

Gartner stated that emphasis on 'Digital India' initiative and use of technology to deliver citizen services is expected to help IT spending in the government sector in India to grow 5% to touch \$7.2 bn in CY 2015.

### IT & Outsourcing Trends for the North American Insurance Industry

The past few years have been challenging for the insurance industry as it tries to grow in spite of economic, regulatory and business challenges. Despite these challenges, many industry experts indicate that there are growth opportunities on the horizon. By looking at IT as a strategic enabler, insurers are continuously investing in people, processes, and technologies that can help them streamline operations, improve their value proposition, and support robust growth strategies.

### IT Spending: Market Size

The U.S economy continues to recover and the insurance industry witnessed overall business growth in 2013. To capture growth opportunities, insurers are investing in operating technologies that can drive down frictional costs and help them stay ahead. According to a recent industry study by SMA of U.S. insurers, more than 70 percent predict that their IT spending will increase in the next two years. According to Celent, IT spending in the insurance industry across North America was USD 51.1 bn in 2013, contributing approximately 37 percent of the total worldwide insurance IT insurance spending. These figures are expected to reach USD 58.4 billion in 2015 at a CAGR of five percent as North American insurance firms are looking to modernize business systems in a race to address current market challenges.

In the North American insurance industry, the lines of businesses that spend the most on IT are Life and P&C. P&C insurers account for nearly half of total North American IT spending and are also the biggest buyers of insurance industry outsourcing. On average insurers spend between 3 to 4 percent of their direct written premiums (DWP) on IT. Insurers of all sizes are looking to better align IT investments with business objectives to address current challenges as well as capitalize on growth opportunities, evidenced by the finding that half of all contract signings during the last three years were made by small/mid-sized insurers.



## DIRECTORS' REPORT (contd.)

A major growth impediment for the entire insurance industry is legacy systems. Many carriers are still running on systems that are 15 to 25 years old that cannot keep up with current evolving business demands. In the past five years, the insurance industry has experienced a new wave of modernizing or replacing policy administration, billing, and claims systems and insurers view this core replacement as an opportunity to position their carrier for the future. Celent reports that replacing core systems is one of the top priorities for insurers and more than 50 percent of North American insurers plan to do this in the next 12 to 18 months.

The insurance industry is also looking to leverage data and analytics to grow bottom line profits. Insurers are investing in internal data and systems capabilities to yield information advantage, improve decision-making capabilities, and streamline business processes such as underwriting, claims, and risk management and compliance. In addition, in an effort to become more customer centric, insurers need to build an agile IT framework that leverages technologies such as mobile, analytics, and cloud computing.

Many insurers have aggressive plans to develop mobile tools for agents and intermediaries that can lead to product innovation, faster time to market, enhancing distribution channels, and improving sales and marketing tactics. Many CIOs are requiring an integrated service delivery model that combines technology solutions, operational excellence, and analytics-led insights.

### 5. BUSINESS OUTLOOK

The demerger is a win-win as the insurance and solutions businesses will get enhanced management focus and operational flexibility apart from independently pursuing their growth plans through organic/inorganic means. The arrangement also creates a platform for both businesses to enhance their financial flexibility.

The two acquisitions on the insurance business will strengthen the overall portfolio of products to cater to the growing market in North America and will enable Majesco to actively compete for larger and more complex assignments in the future.

On the solutions side, Mastek sees traction building up in the UK through the G-Cloud framework. This is largely a UK government initiative to structure smaller deals and procure directly through the small medium players rather than go on for large huge programs which have had a high failure rate which plays to our advantage. On the UK retail front too where apart from a large marquee client, the company has plans to service other Tier-I accounts. On the UK financial services side, the focus is on micro-lending clients.

The Joint Venture with The Law Society of England and Wales (TLS), United Kingdom named Legal Practice Technologies Limited (LPTL) is in the process of building a platform which is a conveyancing portal branded as "Veyo" to be used by solicitors on real estate transactions and it has already garnered sufficient interest from the legal community in the UK. The Veyo portal should do well in terms of getting a good market share of all the real estate transactions happening in the UK.

In India, the business was a bit slow last year due to the elections but the new government has announced its intentions of bolstering the IT framework and we do believe that there will be a lot of large unbundled opportunities that Mastek can address.

### 6. RESERVES

The Company proposes to carry ₹ 180 lakhs to reserves.

### 7. DIVIDEND

An Interim Dividend of ₹ 1.50 per Equity Share of ₹ 5/- was declared by the Board of Directors and was paid in February 2015. Your Directors are pleased to recommend a final dividend of Re. 1/- per Equity Share for the year ended March 31, 2015 on the paid up Equity Share Capital of the Company, payable to those shareholders whose names appear in the Register of Members as on the book

closure date. The total dividend for the year amounted to ₹ 2.50 per share (Previous Year- ₹ 4.50 per share).

### 8. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT UNDER SECTION 186.

Details of Loans, guarantees, Investments covered under provisions of Section 186 of the Companies act 2013 are given in the notes 11 and 20 to the financial statements.

### 9. DISCLOSURES UNDER THE COMPANIES ACT, 2013

#### i) Extract of Annual Return:

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual return is Annexed as Annexure 2.

#### ii) Number of Board Meetings:

The Board of Directors met 9 (nine) times during the year 2015. The details of the board meetings and the attendance of the Directors thereat are provided in the Corporate Governance Report, appearing elsewhere as a separate section in this Annual report.

#### iii) Change in Share Capital:

During the year, the Company allotted 3,85,992 Equity Shares at face value of ₹ 5/- each with aggregate nominal value of ₹ 1,929,960/- to the employees/ Directors of the Company, who exercised their vested Employee Stock Options as per the approved employee stock option plans. These Equity Shares rank pari passu in all respects with the existing Equity Shares of the Company.

As on 31st March, 2015, the issued, subscribed and paid up share capital of your Company stood at ₹ 112,733,360 /-, comprising 22,546,672 Equity shares of ₹ 5/- each.

#### iv) Composition of Audit Committee

Mastek has an Audit Committee that currently comprises of three Independent Directors and one Non-Executive Promoter Director. The Chairman of the Audit Committee is an Independent Director. The Independent Directors are accomplished professionals from the corporate fields. The Managing Director and Group CEO, the Group CFO and Finance Director and the Chief Financial Officer of the Company attend the meetings on invitation. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2015 the Audit Committee met 6(six) times. The attendance of the members at the meetings is stated below:

| Name of Member            | Status   | No. of Meetings attended |
|---------------------------|----------|--------------------------|
| Mr. S. Sandilya           | Chairman | 5                        |
| Mr. Ashank Desai          | Member   | 5                        |
| Ms. Priti Rao             | Member   | 6                        |
| Mr. Venkatesh Chakravarty | Member   | 6                        |

The other details of the Audit Committee are given in the Corporate Governance Report, appearing elsewhere as a separate section in this Annual report.

#### v) Related Party Transactions:

All the Related Party Transactions are entered into on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. There are

no material significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

All the Related Party Transactions are presented to the Audit Committee and Board for their approval. Omnibus approval is given by Audit committee for the transactions which are foreseen and repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee and Board on quarterly basis, specifying the nature, value and terms and conditions of the transactions. The said transactions are approved by Audit Committee as well as by Board.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at the web link:<http://www.mastek.com/images/pdf/Related-Party-Transactions-Policy>- Detailed explanation on transactions with related parties is given in Annexure 3.

### 10. MANAGEMENT OF RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES.

#### Whistle Blower Policy/ Vigil mechanism

In compliance with the requirement of the Companies Act, 2013 and Listing Agreement guidelines, the Company has established a Whistle Blower Policy /Vigil mechanism and the same is placed on the web site of the Company, viz <http://www.mastek.com/investors/corporate-governance>.

The employees of the company are made aware of the said policy at the time of joining the Company.

### 11. AWARDS AND RECOGNITION

Your Company has received an award as Prolific Industry Performer, Technology from Patch for excellence in the field of I.T. Innovation and Consulting.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31st March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively.

- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 13. STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

At the last Annual General Meeting(AGM) held on July 23, 2014, M/s. Price Waterhouse, Chartered Accountants, LLP. have been appointed as the Statutory Auditors of the Company for a period of 3 years. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditors is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and does not contain any qualification. Therefore it does not call for any further comments.

### 14. SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, M/s. V. Sundaram & Co., Practicing Company Secretary, Mumbai has been appointed Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as Annexure 4 to this report. The report is self-explanatory and does not contain any qualification. Therefore it does not call for any further comments.

### 15. HUMAN RESOURCES

Mastek Group deploys its intellectual capability to create and deliver intellectual property (IP)-led solutions that make a positive business impact for its global clients. For this, the key success enabler and most vital resource is world-class talent. Mastek Group continually undertakes measures to attract and retain such high quality talent.

As on March 31, 2015, Mastek Group had a total Head count of 3252. The Directors wish to place on record their appreciation for the contributions made by employees to the Company during the year under review.

Information as per Section 197 of the Companies Act, 2013 and the rules thereunder forms part of this report. However, as per the provisions of Section 136 (I) of the Companies Act, 2013 the report and accounts, excluding the Statement of Particulars are being sent to all members. Any member interested in obtaining a copy of the Statement of Particulars may write to the Company Secretary at its Registered Office.

### 16. EMPLOYEE STOCK OPTIONS

Nature and extent of employee share-based payment plans that existed during the year:

#### i. Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over

## DIRECTORS' REPORT (contd.)

the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

|                             | (No. of Options)                |                                 |
|-----------------------------|---------------------------------|---------------------------------|
|                             | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| Opening Balance             | -                               | 42,125                          |
| Granted during the year     | -                               | -                               |
| Exercised during the year   | -                               | -                               |
| Cancelled during the year   | -                               | (42,125)                        |
| Balance unexercised options | -                               | -                               |

### ii. Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year ended June 30, 2011, the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year.

|                             | (No. of Options)                |                                 |
|-----------------------------|---------------------------------|---------------------------------|
|                             | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| Opening Balance             | 411,707                         | 412,986                         |
| Granted during the year     | -                               | -                               |
| Exercised during the year   | (15,118)                        | -                               |
| Cancelled during the year   | (25,564)                        | (1,279)                         |
| Balance unexercised options | 371,025                         | 411,707                         |

### iii. Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Nomination & Remuneration Committee ("Committee") and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the

options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the financial year ended June 31, 2011, 50,000 options were granted at price less than the market price. There is no compensation cost in the current year, as the cost of discounted options has been charged off in earlier years.

|                             | (No. of Options)                |                                 |
|-----------------------------|---------------------------------|---------------------------------|
|                             | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| Opening Balance             | 673,514                         | 853,514                         |
| Granted during the year     | -                               | -                               |
| Exercised during the year   | (91,575)                        | -                               |
| Cancelled during the year   | (273,000)                       | (180,000)                       |
| Balance unexercised options | 308,939                         | 673,514                         |

### iv. Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015, 256,957 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 96.06 lakhs, out of which ₹ 82.67 lakhs have been charged to the subsidiaries based on the employees where they are employed and balance of ₹ 13.39 lakhs have been charged to the statement of profit and loss during the current year.

|                             | (No. of Options)                |                                 |
|-----------------------------|---------------------------------|---------------------------------|
|                             | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| Opening Balance             | 1,892,300                       | 1,123,800                       |
| Granted during the year     | 326,957                         | 1,003,750                       |
| Exercised during the year   | (279,299)                       | (6,500)                         |
| Cancelled during the year   | (624,519)                       | (228,750)                       |
| Balance unexercised options | 1,315,439                       | 1,892,300                       |

### v. Plan VII

The Company introduced a new scheme in 2013 for granting 2,500,000 stock options to its employees, employees of its subsidiaries and its Independent Directors, each option giving a right to apply for one equity share of the Company on its vesting. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015,

## DIRECTORS' REPORT (contd.)

46,373 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 35.69 lakhs. The entire cost have been charged to the subsidiaries based on the employees where they are employed and ₹ Nil have been charged to the statement of profit and loss during the current year.

|                             | (No of Options)                 |                                 |
|-----------------------------|---------------------------------|---------------------------------|
|                             | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
| Opening Balance             | -                               | -                               |
| Granted during the year     | <b>1,069,373</b>                | -                               |
| Exercised during the year   | -                               | -                               |
| Cancelled during the year   | <b>(172,000)</b>                | -                               |
| Balance unexercised options | <b>897,373</b>                  | -                               |

### Disclosure required under SEBI (ESOS& ESPS) Guidelines, 1999

In order to enable the Company to continue with its ESOP, the Company passed special resolutions through postal ballot in January, 2002 for issue of 700,000 stock options to its employees. At the Annual General Meeting held on September 20, 2004, the Company passed special resolutions to issue 700,000 stock options to its employees. The Company passed special resolutions through postal ballot in August 9, 2007 for issue of 1,000,000 stock options to its employees. On March 20, 2009, the shareholders of the Company approved the further issue of 1,500,000 options to the employees. At the Annual General Meeting of the Company held on October 1, 2010, the shareholders of the Company approved the further issue of 2,000,000 options. At the Annual general Meeting of the Company held on July 17, 2013, the Shareholders of the Company approved further issue of 2,500,000 options.

|     |  |   |
|-----|--|---|
| a)  | Options granted: Opening   | 29,77,521   |
| b)  | Issued during the year   | 13,96,330   |
| c)  | Pricing formula  | Market Price as defined by SEBI from time to time or face value or such price as may be decided by the Compensation committee from time to time |
| d)  | Options vested:  | 10,99,691   |
| e)  | Options exercised  | 385,992   |
| f)  | Total Number of shares arising as a result of exercise of option   | 385,992   |
| g)  | Options lapsed:  | 10,95,083   |
| h)  | Variations of terms of options   | NIL   |
| i)  | Money realized by exercise of options  | ₹ 558.80 lakhs  |
| j)  | Total number of options in force   | 2,892,776   |
| k)  | Employee-wise details of options granted to  |   |
| (1) | Senior managerial personnel:   | 3   |
| (2) | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year   | Prahlad Koti - 75,040 options<br>Anil Chitale - 82,710 options<br>Prateek Kumar - 1,08,770 options  |
| (3) | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | NIL   |
|     | Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20  | ₹ 31.75   |

m) The impact of this difference on profits and on EPS of the Company.  
(₹ in Lakhs)

|   | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Profit After Tax (PAT)  | <b>7,438.75</b>                 | 2,697.11                        |
| Less : Change in Employee compensation cost based on Fair value     | <b>(90.18)</b>                  | (36.49)                         |
| Add : Employee stock compensation expenses based on intrinsic value | <b>13.39</b>                    | -                               |
| PAT as per Fair value method  | <b>7,361.96</b>                 | 2,660.62                        |
| Proforma Basic EPS (in ₹)   | <b>32.98</b>                    | 10.83                           |

n) Weighted-average exercise price and fair value of Stock Options granted during the year:

| Stock options granted on | Weighted average exercise price (in ₹) | Weighted Average fair value | Closing market price at BSE on the date of grant (in ₹) |
|--------------------------|--|-----------------------------|---|
| May 23rd 2014            | 179.00                                 | 82.76                       | 178.35  |
| May 23rd 2014            | 5.00                                   | 150.38                      | 178.35  |
| July 24th 2014           | 5.00                                   | 172.81                      | 201.00  |
| Oct 21st 2014            | 261                                    | 128.89                      | 260.90  |

(o) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information: : The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since Option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.



## DIRECTORS' REPORT (contd.)

The option pricing models do not necessarily provide a reliable measure of fair value of options.

The main assumptions used in the Black-Scholes option-pricing model during the year were as follows:

| Serial No. | Grant Date              | May 23rd 2014 | July 24th 2014 | Oct 22nd 2014 |
|------------|-------------------------|---------------|----------------|---------------|
| 1          | Risk Free Interest Rate | 8.75%         | 8.75%          | 8.47%         |
| 2          | Expected Life (years)   | 6             | 6              | 6             |
| 3          | Expected Volatility     | 47.81%        | 47.50%         | 47.58         |
| 4          | Dividend Yield          | 2.52%         | 2.24%          | 1.72%         |

### 17. RISK MANAGEMENT POLICY

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee, Governance Committee of the Board quarterly reviews the risks and remedial measures taken.

The risks are identified and discussed by Risk Committee at its meeting at regular intervals. The various risks are categorized as High risk, Medium risk and Low risk and appropriate steps/measures are taken/initiated to mitigate the identified risks from time to time.

### 18. DECLARATION BY INDEPENDENT DIRECTORS

Mr. S. Sandilya, Mr. Venkatesh Chakravarty, Ms. Priti Rao, Dr. Rajendra Sisodia, Mr. Atul Kanagat and Dr. Arun Maheshwari have been the Independent Directors on the Board of your Company, during the year under review.

In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

Dr. Rajendra Sisodia, resigned as a Board member with effect from April 17, 2015. The Board places on record its sincere appreciation of the valuable services rendered by him during his tenure as a Board member.

### 19. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION

The Company has a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board. The policy covers:

- Directors' appointment and remuneration; and
- Remuneration of Key Managerial Personnel and other employees.

The more details on the same are given in the Corporate Governance Report.

### 20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations.

### 21. INTERNAL CONTROLS SYSTEM

A strong internal control system is pervasive in the Company. The Company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting.

### 22. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Ashank Desai, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

During the year, as approved by the Shareholders at their Extra Ordinary General Meeting held on March 05, 2015 Mr. S. Sandilya, Ms. Priti Rao and Mr. Atul Kanagat were appointed as Independent Directors of the company for a term of four (4) years from April 1, 2015 to March 31, 2019.

Pursuant to provisions of section 203 of the Companies Act, 2013 which has come into effect from April 1, 2014 the appointment of Mr Sudhkar Ram, Managing Director & Group CEO, Mr. Farid Kazani, Group CFO & Finance Director and Mr. Bhagwant Bargawe, Company Secretary as key managerial personnel were formalised.

### 23. EVALUTION OF THE BOARD'S PERFORMANCE

In compliance with Companies Act, 2013, and Clause 49 of the Listing Agreement, the performance evaluation of the Board as a whole and of the Individual Directors was carried out during the year under review.

With the help of an external consultant, a structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

The Directors expressed satisfaction with the evaluation process.

### 24. PUBLIC DEPOSITS

Your Company has not accepted any deposits from public in terms of Section 73 and/or 74 of the Companies Act, 2013.

### 25. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis comprising an overview of the financial results, operations / performance and the future prospects of the Company forms part of this Annual Report.

### 26. DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (a) Conservation of energy

Conservation of Energy: As a software Company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation.

|       |  |                |
|-------|--|----------------|
| (i)   | the steps taken or impact on conservation of energy                      | Not Applicable |
| (ii)  | the steps taken by the company for utilizing alternate sources of energy |                |
| (iii) | the capital investment on energy conservation equipments                 |                |

#### (b) Technology absorption: Not Applicable

|       |  |                |
|-------|--|----------------|
| (i)   | the efforts made towards technology absorption   | Not Applicable |
| (ii)  | the benefits derived like product improvement, cost reduction, product development or import substitution                |                |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- |                |
|       | (a) the details of technology imported;  |                |
|       | (b) the year of import;  |                |
|       | (c) whether the technology been fully absorbed;  |                |
|       | (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;                          |                |
| (iv)  | the expenditure incurred on Research and Development   |                |

#### (c) Foreign exchange earnings and Outgo

Total foreign Exchange used and earned by Mastek Limited

₹ in Lakhs

| Particulars     | Year ended March 31, 2015 | Year ended March 31, 2014 |
|-----------------|---------------------------|---------------------------|
| Exchange used   | 28,154.30                 | 22,001.45                 |
| Exchange Earned | 63,172.14                 | 54,386.98                 |

### 27. CORPORATE GOVERNANCE

The Company has complied with Corporate Governance requirement under the Companies Act, 2013 and as per Listing Agreement. A separate section on Corporate Governance practices followed by the Company together with the Certificate from M/s. V. Sundaram & Co. Practising Company Secretary, Mumbai, appearing elsewhere in this report, forms an integral part of this report.

### 28. Corporate Social Responsibility

In compliance with the provisions of Section 135 of the Companies Act, 2013 the Board of Directors of the Company have formed a Corporate Social Responsibility Committee vide Board Resolution dated April 24, 2013. A detailed report about Corporate Social Responsibility is given in Annexure 5.

The Committee has formulated and recommended to Board a Corporate Social Responsibility Policy. The contents of the policy are as follows:-

#### **Mastek CSR programmes shall fall under the following categories:**

1. Promoting education, enhancing skills of children, and development of children of women working in red-light areas. We are also involved in special education and employment-enhancing vocation skills especially among women, elderly and the differently abled, and livelihood enhancement projects.
2. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making safe drinking water available.
3. Promoting gender equality and empowering women. Activities include setting up homes/ hostels for women and orphans, old age homes and other such facilities for senior citizens, day care centres, and measures to reduce inequalities faced by socially and economically backward groups.
4. Protection and up gradation of environmental conditions. These include ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.
5. **Any other projects with the approval of the board.**

#### **Corpus:**

The corpus of the CSR policy includes:

- 2% of the average net profit of the preceding three years
- Any income arising therefrom
- Surplus arising out of the above activities
- Payroll contribution from the employees
- Fund-raising events

Mastek may pool its resources and CSR spending with other groups or associate companies as a collaborative effort that qualifies as CSR spend.

#### **Roles and Responsibilities:**

- Decide CSR projects or programmes or activities to be taken up by the company.
- Place before the board the CSR activities proposed to be taken up by the company for approval each year.
- Oversee the progress of the initiatives rolled out under this policy every quarter.
- Define and monitor the budgets for carrying out the initiatives.

- Submit a report to the Board of Directors on all CSR activities during the financial year. This will be displayed on the company's website -- [www.mastek.co.in](http://www.mastek.co.in)
- Monitor and review the implementation of the CSR policy.

#### **CSR Committee Composition:**

The Chairperson of the Committee is Ms. Priti Rao, an Independent Director. The other members are Dr. Rajendra Sisodia, Mr. Sudhakar Ram and Mr. Ashank Desai. The Company Secretary is the Secretary of the Committee.

During the year, the Company gave Donations totaling to ₹ 84.94 lakhs. Of this, a sum of ₹ 67.32 Lakhs was spent on Projects approved under Section 135 of the Companies Act 2013 on CSR activity and ₹ 17.67 lakhs was towards the salary and other Administrative Expenses of Mastek Foundation.

As per provision of Section 135 of the Companies Act, 2013, the Company has to spend, in every financial year, at least 2% of the average net profits of the Company made during three immediately preceding financial years, in pursuant of Corporate Social Responsibility policy.

Based on the Average net profit of the Company for three immediately preceding financial years, the amount to be spent on CSR activities during the year 2014-15 was ₹ 47.84 Lakhs. However, it spent ₹ 84.94 lakhs on CSR activities..

The said expenditure is within the prescribed limits and the company is in compliance of the provisions of Section 135 of the Companies Act 2013.

### 29. Transfer of Amounts to Investor Education and Protection Fund

Your Company has transferred a sum of ₹ 10.23 Lakhs during the financial year 2014-15 to Investor Education and Protection Fund (IEPF), established by Central Government in compliance with section 125 of the Companies Act 2013. The said amount represents unclaimed Dividends which were lying with the company for a period of 7(seven) from their respective due dates of payment.

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. July 23, 2014), with the Ministry of Corporate Affairs.

### 30. ACKNOWLEDGEMENT

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board  
**MASTEK LIMITED**

**Sudhakar Ram**  
Managing Director & Group CEO

**S. Sandilya**  
Non-Executive Chairman  
& Independent Director

Date : April 22, 2015  
Place : Mumbai

## DIRECTORS' REPORT (contd.)

### Annexure 1

#### Statement containing salient features of financial statements of subsidiaries

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is given below :

Further, brief about the business of the each of the Subsidiaries and Associates is given hereunder :-

Mastek UK Ltd- It is a provider of Software Solutions which enable customers to solve their complex, mission critical business problems with innovative solutions that sustain and grow their business in the UK market.

Majesco UK Ltd – It is a provider of Information Technology Services for Life & Annuity Insurers. in the UK market.

Majesco, USA – It is a provider of Consultancy services and Information Technology Services for Life & Annuity Insurers in the US market.

Majesco Software & Solutions Inc, USA- It is a provider of technology solutions for Property & Casualty insurers primarily in North America markets.

Majesco Canada Limited, Canada – It is a provider of Technology Solutions for Life & Annuity and Property & Casualty Insurers and Financial Services in the Canada market.

Mastek Asia Pacific Pte Ltd , Singapore– It is a provider of Information Technology Services in the Singapore Market.

Majesco Sdn Bhd, Malaysia – It is a provider of Information Technology Services for Life & Annuity Insurers and Financial Services providers in the Malaysia market.

Majesco Thailand Co. Ltd, Thailand – It is a provider of Information Technology Services for Life & Annuity Insurers in the Thailand market

Minefields Computers Ltd – It is yet to commence its Business

Majesco Software & Solutions India Pvt Ltd - It is yet to commence its Business

Legal Practice Technologies Ltd, USA- It is a Joint Venture between Mastek UK Ltd and the Law Society, UK. The JV will deliver the Conveyancing Portal. The Conveyancing Portal is an on-line service that will help solicitors and licensed conveyancers save money and will speed up the house buying process for consumers.

#### Part "A": Subsidiaries

|   |         | MUK   | Majesco UK | Majesco US | Majesco Software & Solutions Inc., US | Majesco Canada Ltd. | Mastek Singapore | Majesco Malaysia | Majesco Thailand | MCL   | MSSIPL |
|---|---------|---|------------|------------|---------------------------------------|---------------------|------------------|------------------|------------------|-------|--------|
| Reporting period for the subsidiary concerned, if different from holding company's reporting period |         | Reporting periods of all the Subsidiaries are the same as of the Holding Company which is March 31. |            |            |                                       |                     |                  |                  |                  |       |        |
| Reporting currency  |         | GBP   | GBP        | INR        | INR                                   | INR                 | SGD              | RM               | THB              | INR   | INR    |
| Exchange rate on the last date of the Financial Year in the case of foreign subsidiaries            |         | 92.47   | 92.47      | NA         | NA                                    | NA                  | 45.475           | 16.875           | 1.92             | NA    | NA     |
| Share Capital   | ₹ Lakhs | 113.7   | 1,180.69   | 143.84     | 1.1                                   | 1,555.01            | 1,296.04         | 1,900.46         | 134.40           | 5.00  | 35.00  |
| Reserves & Surplus  | ₹ Lakhs | 14,379.81   | 15.81      | 17,788.21  | 3,439.62                              | -1,490.69           | -1,158.45        | 151.27           | -661.20          | -3.03 | -11.34 |
| Total Assets  | ₹ Lakhs | 21,760.79   | 2,447.25   | 26,127.67  | 9176.1                                | 1,021.83            | 158.27           | 2,307.52         | 174.02           | 2.89  | 24.3   |
| Total Liabilities   | ₹ Lakhs | 9,554.95  | 1,250.75   | 8,195.62   | 5,735.38                              | 957.51              | 20.69            | 255.78           | 700.81           | 0.93  | 0.65   |
| Investments   | ₹ Lakhs | 2,287.67  | -          | 20,582.56  | 1,220.36                              | 0                   | -                | 118.31           | -                | 0     | 0      |
| Turnover  | ₹ Lakhs | 52,331.61   | 1295.17    | 7,511.05   | 30,779.77                             | 2,146.95            | 213.16           | 3,268.76         | 274.24           | 0     | 0      |
| Profit before Taxation  | ₹ Lakhs | 2,155.65  | 55.44      | -2,600.03  | -163.02                               | -399.05             | 4.91             | 63.24            | -565.99          | -2.96 | -11.34 |
| Provision for Taxation  | ₹ Lakhs | 262.51  | 11.76      | -56.58     | -154.87                               | -                   | -                | 17.19            | -                | 0     | 0      |
| Profit after Taxation   | ₹ Lakhs | 1,893.14  | 43.68      | -2,543.46  | -8.15                                 | -399.02             | 4.91             | 46.05            | -565.99          | -2.96 | -11.34 |
| Proposed Dividend   |         | -   | -          | -          | -                                     | -                   | -                | -                | -                | -     | -      |
| % shareholding  |         | 100%  | 100%       | 100%       | 100%                                  | 100%                | 100%             | 100%             | 100%             | 100%  | 100%   |



## DIRECTORS' REPORT (contd.)

The following information shall be furnished:-

1. **Names of subsidiaries which are yet to commence operations:**
  - (1) **Minefields Computers limited**
  - (2) **Majesco Software and Solutions Indian Pvt Ltd**
2. **Names of subsidiaries which have been liquidated or sold during the year- NIL**  
**Part "B": Joint Venture**

| Name of Joint Venture   | Legal Practice Technologies Limited, UK   |
|---|---|
| 1. Latest audited Balance Sheet Date  | Legal Practice Technologies Ltd, UK is a Joint Venture between the Law Society UK and Mastek UK Ltd. The Joint Venture was incorporated on May 14, 2014 under the laws of England and its first Accounting Year will be from May 14, 2014 to October 31, 2015 |
| 2. Shares of Associate/Joint Ventures held by the company on the year end<br>No.<br>Amount of Investment in Associates/Joint Venture<br>Extend of Holding % | 400,000 Ordinary shares of GBP 1 each of Legal Practice Technologies Ltd. are held by Mastek UK Limited.<br>The value of Investment made in Legal Practice Technologies Ltd. by Mastek UK Ltd till March 31, 2015 was ₹ 410.36 lakhs<br>40%                   |
| 3. Description of how there is significant influence  | 40% of the Board of Legal Practice Technologies Ltd. are appointed by Mastek UK Ltd. Also, there are strategic, operating and financial decisions which need consent from both the parties.   |
| 4. Reason why the associate/joint venture is not consolidated   | The Consolidation has been done to the extent of 40% share held by Mastek UK Ltd. as per Accounting Standard 27.  |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet  | Not Applicable  |
| 6. Loss for the period May 14, 2014 to March 31, 2015   |   |
| i. Considered in Consolidation  | ₹ 1127.11 lakhs   |
| ii. Not Considered in Consolidation   | ₹ 1690.67 lakhs   |

The following information shall be furnished:-

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year. - NIL

**Sudhakar Ram**

Managing Director & Group CEO

**S. Sandilya**

Non-Executive Chairman & Independent Director

**Farid Kazani**

Group CFO & Finance Director

**Bhagwant Bhargawe**

Company Secretary

Mumbai, April 22, 2015

## DIRECTORS' REPORT (contd.)

### Annexure 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2015 of MASTEK LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS :

|    |  |   |
|----|--|---|
| 1. | CIN  | L74140GJ1982PLC005215   |
| 2. | Registration Date  | May 14, 1982  |
| 3. | Name of the Company  | MASTEK LIMITED  |
| 4. | Category/Sub-Category of the Company                                   | Public Company Limited by Shares  |
| 5. | Address of the Registered Office and contact details                   | 804/805, President House, Opp. C. N. Vidyalaya, Nr. Ambawadi Circle, Ahmedabad-380 006<br>Tel No. +91 79 2656 4337  |
| 6. | Whether listed company   | Yes   |
| 7. | Name, Address and contact details of Registrar & Transfer Agents (RTA) | Sharepro Services (India) Pvt Ltd Samhita Warehousing Complex, 13AB, Gala No. 52, Near Sakinaka, Telephone Exchange, Off Andheri Kurla Road, Andheri (East), Mumbai-400 072<br>Phone No. 6772 0300<br>Fax No.:- 28591568<br>E-mail Id:-indira@shareproservices.com and saritam@shareproservices. Com. |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products/services           | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1.      | Computer Programming, Consultancy and Related Activities | 620                             | 100%                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | Name and Address of the Company   | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1.      | Majesco USA   | Foreign Company       | Subsidiary                     | 83.5%            | 2 (87)             |
| 2.      | Mastek UK Limited   | Foreign Company       | Subsidiary                     | 100.00%          | 2(87)              |
| 3.      | Mastek Asia Pacific Pte Ltd.  | Foreign Company       | Subsidiary                     | 100.00%          | 2(87)              |
| 4.      | Minefields Computers Limited (till court order comes for scheme of Arrangement) | U72300MH2013PLC244874 | Subsidiary                     | 100.00%          | 2(87)              |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year |            |                 |                   | No. of Shares held at the end of the year |            |                 |                   | % Change during the year |
|--------------------------|---|------------|-----------------|-------------------|---|------------|-----------------|-------------------|--------------------------|
|                          | Demat   | Physical   | Total           | % of Total Shares | Demat                                     | Physical   | Total           | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |            |                 |                   |   |            |                 |                   |                          |
| <b>1. Indian</b>         |   |            |                 |                   |   |            |                 |                   |                          |
| a) Individual/HUF        | 11506660  | NIL        | 11506660        | 51.92             | 11506660                                  | NIL        | 11506660        | 51.030            | NIL                      |
| b) Central Govt.         | NIL   | NIL        | NIL             | NIL               | NIL                                       | NIL        | NIL             | NIL               |                          |
| c) State Govt. (s)       | NIL   | NIL        | NIL             | NIL               | NIL                                       | NIL        | NIL             | NIL               |                          |
| d) Bodies Corp           | NIL   | NIL        | NIL             | NIL               | NIL                                       | NIL        | NIL             | NIL               |                          |
| e) Banks/FI              | NIL   | NIL        | NIL             | NIL               | NIL                                       | NIL        | NIL             | NIL               |                          |
| f) Any Other             | NIL   | NIL        | NIL             | NIL               | NIL                                       | NIL        | NIL             | NIL               |                          |
| <b>Sub-total (A)</b>     | <b>11506660</b>                                 | <b>NIL</b> | <b>11506660</b> | <b>51.90</b>      | <b>11506660</b>                           | <b>NIL</b> | <b>11506660</b> | <b>51.03</b>      |                          |

## DIRECTORS' REPORT (contd.)

| Category of Shareholders  | No. of Shares held at the beginning of the year |               |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % Change during the year |
|---|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                          |
| <b>2. Foreign</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| a) NRIs Individuals   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| b) Other – Individuals  | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| c) Bodies Corp.   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| d) Banks / FI   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| e) Any Other...   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| <b>Sub-total(A) (2):</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                       | <b>11506660</b>                                 | <b>NIL</b>    | <b>11506660</b> | <b>51.9</b>       | <b>11506660</b>                           | <b>NIL</b>    | <b>11506660</b> | <b>51.030</b>     | <b>NIL</b>               |
| <b>B. Public Shareholding</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| <b>1. Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| a) Mutual Funds   | 15656   | 1200          | 16856           | 0.06              | 401378                                    | 1200          | 402578          | 1.79              | 1.73                     |
| b) Banks / FI   | 4536  | NIL           | 4536            | 0.02              | 20033                                     | NIL           | 20033           | 0.09              | 0.07                     |
| c) Central Govt   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| d) State Govt (s)   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| e) Venture Capital Funds  | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| f) Insurance Companies  | 1583720   | NIL           | 1583720         | 7.15              | 1121532                                   | NIL           | 1121532         | 4.97              | -2.18                    |
| g) FIIs   | 3303566   | 1600          | 3305166         | 14.9              | 2877852                                   | 1600          | 2879452         | 12.77             | -2.13                    |
| h) Foreign Venture Capital Funds  | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| i) Others (specify)   | NIL   | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               |                          |
| <b>Sub-Total (B)(1)</b>   | <b>4907478</b>                                  | <b>1800</b>   | <b>4910278</b>  | <b>22.13</b>      | <b>4420795</b>                            | <b>2800</b>   | <b>4423595</b>  | <b>19.62</b>      | <b>-2.51</b>             |
| <b>2. Non-Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| a) Bodies Corp.   |   |               |                 |                   |   |               |                 |                   |                          |
| i. Indian   | 540266  | 2800          | 543066          | 2.45              | 1595899                                   | 2800          | 1598699         | 7.09              | 4.64                     |
| ii. Overseas  | 200   | NIL           | 200             | 0.00              | 200                                       | NIL           | 200             | 0.00              | -                        |
| b) Individuals  |   |               |                 |                   |   |               |                 |                   |                          |
| i. Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 2895388   | 213975        | 3109363         | 14.03             | 3750611                                   | 259958        | 4010569         | 17.79             | 3.76                     |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1794539   | NIL           | 1794539         | 8.10              | 631486                                    | 51944         | 683430          | 3.03              | -5.07                    |
| c) Others   |   |               |                 |                   |   |               |                 |                   |                          |
| i. Non Resident Individuals   | 247431  | 11733         | 259164          | 1.17%             | 297836                                    | 11273         | 309109          | 1.37              | 0.20                     |
| ii. Foreign National  | 37410   | NIL           | 37410           | 0.017%            | 14410                                     | NIL           | 14410           | 0.06              | 0.04                     |
| <b>Sub-total (B)(2):</b>  | <b>5515034</b>                                  | <b>228708</b> | <b>5743742</b>  | <b>25.92%</b>     | <b>6290242</b>                            | <b>326175</b> | <b>6616417</b>  | <b>29.35</b>      | <b>3.43</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                              | <b>10422512</b>                                 | <b>231508</b> | <b>10654020</b> | <b>48.08</b>      | <b>10711037</b>                           | <b>328975</b> | <b>11040012</b> | <b>48.97</b>      | <b>0.89</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          |   |               |                 |                   |   |               |                 |                   |                          |
| <b>Grand Total (A+B+C)</b>  | <b>21929172</b>                                 | <b>231508</b> | <b>22160680</b> | <b>100</b>        | <b>22217697</b>                           | <b>328975</b> | <b>22546672</b> | <b>100</b>        | <b>100</b>               |

## DIRECTORS' REPORT (contd.)

### (ii) Shareholding of Promoters

| SI No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change In shareholding during the year |
|--------|----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|        |                      | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1.     | Ashank Desai         | 3099552                                   | 13.99%                           | NIL  | 3099552                             | 13.82                            | NIL  | -.17                                     |
| 2.     | Sudhakar Ram         | 2791680                                   | 12.60%                           | NIL  | 2791680                             | 12.45                            | NIL  | -.15                                     |
| 3.     | Ketan Mehta          | 2519100                                   | 11.37%                           | NIL  | 2519100                             | 11.23                            | NIL  | -.07                                     |
| 4.     | Radhakrishnan Sundar | 1445800                                   | 6.52%                            | NIL  | 1445800                             | 6.45                             | NIL  | -.03                                     |
| 5.     | Rupa Mehta           | 480800                                    | 2.17%                            | NIL  | 480800                              | 2.14                             | NIL  | -.03                                     |
| 6.     | Usha Sundar          | 460000                                    | 2.08%                            | NIL  | 460000                              | 2.05                             | NIL  | .01                                      |
| 7.     | Girija Ram           | 163600                                    | 0.74%                            | NIL  | 163600                              | 0.73                             | NIL  | .01                                      |
| 8.     | Padma Desai          | 155200                                    | 0.70%                            | NIL  | 155200                              | 0.69                             | NIL  | .01                                      |
| 9.     | Samvitha Ram         | 103328                                    | 0.47%                            | NIL  | 103328                              | 0.46                             | NIL  | .01                                      |
| 10.    | Avanthi Desai        | 81600                                     | 0.37%                            | NIL  | 81600                               | 0.36                             | NIL  | .01                                      |
| 11.    | Chinmay Ashank Desai | 71600                                     | 0.32%                            | NIL  | 71600                               | 0.32                             | NIL  | -  |
| 12.    | Varun Sundar         | 64000                                     | 0.29%                            | NIL  | 64000                               | 0.29                             | NIL  | -  |
| 13.    | Shankar Sundar       | 64000                                     | 0.29%                            | NIL  | 64000                               | 0.29                             | NIL  | -  |
| 14.    | Tanay Mehta          | 6400                                      | 0.00%                            | NIL  | 6400                                | 0.00                             | NIL  | -  |

Note: - There is no change in the number of shares held by the Promoters & Promoters Group. However, the percentage of the Shareholding has changed during the year due to allotment of shares on exercise of vested ESOP's.

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| SI No. | For Each of the Top 10 Shareholders               | Shareholding at the beginning of the year April 1, 2014 |                                  | Shareholding at the end of the year March 31, 2015 |                                  |
|--------|---|---|----------------------------------|--|----------------------------------|
|        |   | No. of shares   | % of total shares of the company | No. of shares                                      | % of total shares of the company |
| 1.     | Fidelity Puritan Trust Fidelity Low Priced        | 2025000   | 9.14                             | 2025000  | 9.03                             |
| 2.     | Life Insurance Corporation of India Limited       | 1550404   | 6.99                             | 1367102  | 6.09                             |
| 3.     | Ashish Dhawan                                     | 1313935   | 5.93                             | Nil  | Nil                              |
| 4.     | Fidelity Northstar Fund                           | 438000  | 1.98                             | NIL  | NIL                              |
| 5.     | Merrill Lynch Capital Markets Espana S A S V      | 591988  | 2.57                             |  |                                  |
| 6.     | Sum Sunsuper Pooled Superannuation Trust          | -   | -                                | 303277   | NIL                              |
| 7.     | Sund Sundaram Mutual Fund A/c Sundaram Smile fund | -   | -                                | 301826   | 1.35                             |

## DIRECTORS' REPORT (contd.)

### (v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year 01.04.2014 |                                  | Share holding at the end of the year March 31, 2015 |                                  |
|---------|-----------------------------------|--|----------------------------------|---|----------------------------------|
|         |                                   | No. of shares  | % of total shares of the company | No. of shares                                       | % of total shares of the company |
| 1.      | Mr. Sudhakar Ram                  | 2791680  | 12.60                            | 2791680   | 13.82                            |
| 2.      | Mr. Radhakrishnan Sundar          | 1445800  | 6.52                             | 1445800   | 6.42                             |
| 3.      | Mr. Farid Kazani                  | 384  | 0.00                             | 35000   | .016                             |
| 4.      | Mr. Bhagwant Bhargawe             | NIL  | NIL                              | NIL   | NIL                              |

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year April 1, 2014</b> |                                  |                 |          |                    |
| i) Principal Amount  | 1,88,45,422                      | NIL             | NIL      | 1,88,45,422        |
| ii) Interest due but not paid  | NIL                              | NIL             | NIL      | NIL                |
| iii) Interest accrued but not due  | NIL                              | NIL             | NIL      | NIL                |
| Total (i+ii+iii)   | 1,88,45,422                      | NIL             | NIL      | 1,88,45,422        |
| Change in Indebtedness during the financial year                         |                                  |                 |          |                    |
| + Addition   | 7,38,319                         | NIL             | NIL      | 7,38,319           |
| - Reduction  | 60,61,849                        | NIL             | NIL      | 60,61,849          |
| Net Change   | 53,23,530                        | NIL             | NIL      | 53,23,530          |
| <b>Indebtedness at the end of the financial year</b>                     |                                  |                 |          |                    |
| i) Principal Amount  | 1,35,21,892                      | NIL             | NIL      | 1,35,21,892        |
| ii) Interest due but not paid  |                                  |                 |          |                    |
| iii) Interest accrued but not due  |                                  |                 |          |                    |
| Total (i+ii+iii)   | 1,35,21,892                      | NIL             | NIL      | 1,35,21,892        |

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/Manager-<br>Mr. Sudhakar Ram |                          | Total Amount |
|---------|---|---|--------------------------|--------------|
|         |   | Mr. Sudhakar Ram                            | Mr. Radhakrishnan Sundar |              |
| 1       | Gross salary  |   |                          |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 55,80,000                                   | 24,00,000                | 79,80,000    |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 337   | 39,600                   | 39,937       |
|         | (c) Profits in lieu of salary under   |   |                          |              |
| 2.      | Stock Option  | -   | -                        | -            |
| 3.      | Sweat Equity  | -   | -                        | -            |
| 4.      | - Commission<br>- as % of profit<br>- others, specify                               | NA  | NA                       | NA           |
| 5.      | Others, please specify  |   |                          |              |
|         | Provident Fund & Other Fund   | 3,60,000                                    | 2,88,000                 | 6,48,000     |
|         | Performance Bonus   | 60,00,000                                   | NIL                      | 60,00,000    |
|         | Total (A)   | 1,19,40,337                                 | 27,27,600                | 1,46,67,937  |
|         | Ceiling as per the Act  | 3,65,89,300                                 | 3,65,89,300              | 7,31,78,600  |

## DIRECTORS' REPORT (contd.)

### B. Remuneration to other directors:

#### I. Independent Directors

| Particulars of Remuneration                | Name of Directors |                           |                      |                  |               |                     | Total Amount ₹ |
|--|-------------------|---------------------------|----------------------|------------------|---------------|---------------------|----------------|
|  | Mr. S. Sandilya   | Mr. Venkatesh Chakravarty | Dr. Rajendra Sisodia | Mr. Atul Kanagat | Ms. Priti Rao | Dr. Arun Maheshwari |                |
| (All figures in ₹)                         |                   |                           |                      |                  |               |                     |                |
| Fee for Attending board meetings           | 1,60,000/-        | 1,80,000/-                | 60,000/-             | 40,000/-         | 1,80,000/-    | NIL                 | 6,20,000       |
| Fee for attending Audit Committee meetings | 50,000/-          | 60,000/-                  | NIL                  | NIL              | 60,000/-      | NIL                 | 1,70,000       |
| Commission                                 | NIL               | NIL                       | NIL                  | NIL              | NIL           | NIL                 | NIL            |
| Others                                     | NIL               | NIL                       | NIL                  | NIL              | NIL           | NIL                 | NIL            |

#### II. Other Non-Executive Directors:-

| Particulars of Remuneration                | Name of Directors |                 | Total Amount ₹ |
|--|-------------------|-----------------|----------------|
|  | Mr. Ashank Desai  | Mr. Ketan Metha |                |
| (All figures in ₹)                         |                   |                 |                |
| Fee for Attending board meetings           | 1,40,000/-        | NIL             | 1,40,000/-     |
| Fee for attending Audit Committee meetings | 50,000/-          | NIL             | 50,000/-       |
| Commission                                 | NIL               | NIL             | NIL            |
| Others (Perquisites/Benefits)              | 234,804           | NIL             | 234,804        |

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel  |   |             |
|---------|--|---|---|-------------|
|         |  | Mr. Farid Kazani  | Mr. Bhagwant Bhargawe                           | Total ₹     |
| 1.      | Gross salary   |   |   |             |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 7916634   | 2539316   | 10455949    |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                              | 3057585   | -   | 3057585     |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.              |   |   |             |
| 2       | Stock Option   | (a) 17090 Stock Options at ₹ 5/- per share;<br>(b) 25000 Stock Options at ₹ 261/- per share | 2000 Stock Options granted at ₹ 179/- per share | -           |
| 3       | Sweat Equity   | -   | -   | -           |
| 4       | Commission - as % of profit - others, specify...                                     | -   | -   | -           |
| 5       | Others, please specify   |   |   |             |
|         | Contribution to Superannuation Fund  | 362,093   | -   | 3,62,093    |
|         | Contribution to Provident Fund   | 289,680   | 1,06,818  | 3,96,493    |
|         | Performance Bonus  | 62,63,286   | 4,49,178  | 67,12,464   |
|         | Total C  | 1,78,89,272   | 30,95,312                                       | 2,09,84,584 |

#### Disclosure as required Companies (Appointment and Remuneration) Managerial Personnel) Rules 2014.(Puruant to Rule 5 (1)

| Name of the Director & KMps | Remuneration In FY 2015 ₹ | Remuneration in FY 2014 ₹ | % of increase in Remuneration | Ratio of the Remuneration of Director to Median Remuneration of Employee of the Company |
|-----------------------------|---------------------------|---------------------------|-------------------------------|---|
| Mr. Sudhakar Ram            | 1,19,40,337               | 1,24,23,374               | -3.9%                         | 20.79   |
| Mr. Radhakrishnan Sundar    | 27,27,600                 | 27,27,600                 | NIL                           | 4.75  |
| Mr. Farid Kazani            | 1,78,89,272               | 1,07,97,524               | 65.7%                         | Not Applicable  |
| Mr. Bhagwant Bhargawe       | 30,95,312                 | 26,14,427                 | 18.40%                        | Not Applicable  |

## DIRECTORS' REPORT (contd.)

- i) Percentage of increase in the median remuneration of employees in the Financial Year March 31, 2015- -3%
- ii) Employees in MLTD Payroll + employees in MLTD UK Branch – 2712
- iii) Explanation on the Relationship between Average increased in remuneration and Company performance: The average increase in remuneration was 4.7%. This was arrived at after bench-marking the salaries of the employees with peer companies, achievement of Company Targets, etc. The Revenues of the Company increased by 20.3% and Net profits by 176% in 2014-15 vis a vis 2013-14.
- iv) Ratio of the remuneration of the highest paid Director to that Employees who are not Director but received remuneration in excess of highest paid directors.

| Name of the highest paid Director | Remuneration ₹ | Name of the employee who receive remuneration in excess of highest paid Director | Remuneration ₹ | Ratio |
|-----------------------------------|----------------|--|----------------|-------|
| Mr. Sudhakar Ram                  | 11,940,337     | Mr. Farid Kazani   | 17,889,272     | 1.5   |
|                                   |                | Mr. Vinay Rajadhakshya   | 2,1258850      | 1.8   |
|                                   |                | Mr. Stefan Van Overtveldt  | 2,2705294      | 1.9   |
|                                   |                | Mr. Benjamin Davison   | 18,334,015     | 1.54  |

- v) Remuneration paid to all the Directors and KMPs is as per the remuneration policy of the Company.
- vi) Comparison of the remuneration of the Key Managerial Personnel against the Performance of the Company. The remuneration paid to Mr. Sudhakar Ram and Mr. R. Sundar was based on the Employment Agreements entered into by the Company with them. Further, the variation in remuneration of Key Managerial personnel was arrived at by the Company based on industry bench-marks and the achievement of individual and Company Targets vis a vis the Plan. The Revenues of the Company increased by 20.3% and Net profits by 176% in 2014-15 vis a vis 2013-14.
- vii) Variations in the market capitalization of the Company, as the closing date of the financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer.

|                                      | As on March 31, 2015 | As on March 31, 2014 | Variations                 |
|--------------------------------------|----------------------|----------------------|----------------------------|
| Market Capitalization of the Company | 9,61,84,10,275       | 5,04,84,64,131       | 4,56,99,46,144/-, i.e. 90% |
| Price Earning ratio                  | 13.42                | 18.7                 | -5.28; -28.2%              |

The Company had come out with a Follow-on Offering in 1996. It had issued shares of ₹ 10/- each at a premium of ₹ 180 per share. Adjusting for Stock-split and Bonus Issues, the price works out to ₹ 23.75 per share. The closing price of the Company share as on 31st March 2015 was ₹ 426.60. Thus the percentage increase works out to 1696%.

- viii) Average percentile increase made in the salaries of the Employees other than the Managerial personnel in the Financial Year 2015 was 4.7%, vis a vis reduction of 3.2% in the salaries of Managerial personnel
- ix) The key parameters for any variable Component of remuneration availed by the Directors.

These are Order Book, Revenues and Profits before Interest, Depreciation and Tax

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL



### Annexure 3

#### DETAILS OF RELATED PARTY TRANSACTIONS

- A. Company has not entered into any material contracts or arrangements or transactions which are not at arm's length basis.
- B. Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto
1. Details of material contracts or arrangement or transactions at arm's length basis
- (a) Name(s) of the related party and nature of relationship: Mastek Ltd has entered into Contracts with its following subsidiaries:
- Mastek UK Ltd
  - Majesco UK Ltd
  - Majesco USA
  - Majesco Software & Solutions Inc, USA
  - Majesco Canada Ltd, Canada
  - Mastek Asia Pacific Pte Limited, Singapore
  - Majesco Sdn Bhd, Malaysia
  - Majesco Thailand Co. Ltd, Thailand
  - Minefields Computers Ltd, India
  - Majesco Software and Solutions India Pvt Ltd, India
- (b) Nature of contracts/arrangements/transactions
- (1) IT & related services Contracts
  - (2) Secondment Services Contracts
  - (3) Leave & License Agreements
- (c) Duration of the contracts / arrangements/transactions IT & related services and secondment Services contracts are for a duration of one year and are automatically renewed annually
- Leave & License Agreements are entered into for a period of 11 months
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- IT & related Services and Secondment Services are provided by Mastek Ltd to its Overseas subsidiaries on an ongoing basis.
- Office space at Mahape and Ahmedabad have been given on Leave & license basis for a period of 11 months to its India based Subsidiaries.
- (e) Date(s) of approval by the Board, if any:
- IT & related services and Secondment services Agreements with all the Overseas subsidiaries (except Majesco UK Ltd) - July 24, 2014.
- IT & related services and Secondment services Agreements with Majesco UK Ltd – April 22, 2014
- Leave & License Agreement with Minefields Computers Ltd – October 22, 2014
- Leave & license Agreement with Majesco Software & Solutions India Pvt Ltd – October 22, 2014
- (f) Amount paid as advances, if any: NIL

**Sudhakar Ram**

Managing Director & Group CEO

**S. Sandilya**

Non-Executive Chairman & Independent Director

**Farid Kazani**

Group CFO & Finance Director

**Bhagwant Bhargawe**

Company Secretary

Mumbai, April 22, 2015

### Annexure 4

#### SECRETARIAL AUDIT REPORT

##### Form No. MR-3

#### [Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For the financial year ended 31st March, 2015

To,  
The Members,  
Mastek Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Mastek Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Mastek Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment as applicable to Mastek Limited in India;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents ) Regulations 1993 regarding Companies Act dealing with the company.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company. The list of major heads/groups of Acts, laws and Regulations as applicable to the Company are listed below:
  - a. The Information Technology Act, 2000;
  - b. The Special Economic Zone Act, 2005;
  - c. Policy relating to Software Technology Parks of India and its regulations;
  - d. The Trade Marks Act, 1999;
  - e. Indian Stamp Act, 1999;
  - f. Negotiable Instruments Act, 1881;
  - g. Registration Act
  - h. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;
  - i. Income Tax Act and other Indirect Tax laws

We have also examined compliance with the applicable clauses of the following:

  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

To the best of our knowledge and belief, during the period under review ,the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

## DIRECTORS' REPORT (contd.)

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We further report that

The Board of Directors of the Company is duly constituted with proper balance of 2 (Two) Executive Directors, 2 (Two) Non-Executive Directors and 6 (Six) Independent Directors.. (there was no change in the composition of Board of Directors)

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

While Majority decision is carried through, the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has co-operated with us and have produced before us, all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

We further report that during the period under review, the company has informed us that it is in the process of de-merger of its insurance business from its present business activities for which a Court convened meeting in pursuance of the de-merger was held on 5th March, 2015.

Signature:

Place : Mumbai  
Date : April 22, 2015

**V Sundaram**  
Name of Company Secretary in practice / Firm:  
FCS No.: 2023  
C P No.:3373

## DIRECTORS' REPORT (contd.)

### Annexure 5

#### REPORT ON CSR ACTIVITIES/INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

##### Annual Report 2015 - CSR Board Report:

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The CSR policy is being developed for the organisation to comply with the provisions of section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014. We at Mastek are committed to spending up to 2% of the average net profit for the preceding three financial years on CSR projects or programmes related to activities specified in Schedule VII to the Act or such activities as may be notified from time to time. A CSR committee was constituted as per board resolution No. 27A dated 26th April 2014 to meet the requirements of the Act.

The web link is given below:

<http://www.mastek.com/images/pdf/csr-policy/Final-CSR-Policy-Document-04-08-2014.pdf>

2. The Composition of the CSR Committee:
  - a. Ms. Priti Rao (Independent Director)
  - b. Mr. Rajendra Sisodia (Independent Director)
  - c. Mr. Ashank Desai ( Director)
  - d. Mr. Sudhakar Ram (Managing Director and CEO)
3. Average net profit of the company for last three financial years. ₹ 2392 lakhs
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above) ₹ 47.84 laks
5. Details of CSR spent during the financial year:
 

Total amount to be spent for the financial year; 84.94 Lakhs (including ₹ 17.64 lakhs towards Salary & Administrative expenses of Mastek Foundation)

  - a. Amount unspent, if any;
 

Nil
  - b. Manner in which the amount spent during the financial year is detailed below.

| Sr. No. | Projects/Activities   | Sector    | Locations   | Amount Outlay (Budget) Project or Programs wise | Amount Spent on the project or programs | Cumulative Expenditure up to reporting period | Amount spent: Direct or through implementing agency* |
|---------|---|-----------|---|---|---|---|--|
|         |   |           |   | ₹ Lakhs   | ₹ Lakhs                                 | ₹ Lakhs                                       | ₹ Lakhs  |
| 1.      | Supporting two pre-school establishment and 2 support centres in for 350 migrant children, Sponsorship of 15 disabled students, for their education, corrective surgeries, appliances (wheel chairs, calipers etc.), comfortable lodging, full boarding, transport, sports & cultural activities, Supporting the shelter home for multiple disabled people in form of vocational training, residential facilities, holistical development 1000 children from the Indira Nagar Slum community by getting them to evolve a positive attitude and behavior in three live values ((Education, Health and Gender Equality), Infrastructure development of children's home, vocational Training; child protection and all around development; all round development of children vulnerable to exploitation. | Education | Turbhe, Navi Mumbai, Karveer, Kolhapur, Badlapur, Navi Mumbai, Indira Nagar, Bagade, Navi Mumbai, Balagram, Poyand Maharashtra, Mumbai; Alibaug, Maharashtra; 24 Parganas, West Bengal. | 28.48   | 28.48                                   | 28.48   | 28.48  |

## DIRECTORS' REPORT (contd.)

| Sr. No. | Projects/Activities  | Sector  | Locations  | Amount Outlay (Budget) Project or Programs wise | Amount Spent on the project or programs | Cumulative Expenditure up to reporting period | Amount spent: Direct or through implementing agency* |
|---------|--|---|--|---|---|---|--|
|         |  |   |  | Districts (State)                               | ₹ Lakhs                                 | ₹ Lakhs                                       | ₹ Lakhs  |
| 2.      | Supporting the Mortality Control Program in Economically Productive Age Group (16-60 years) program. Reaching out to 350 tribal people, Distribution of 480 water filters in the villages in Wada district and setting up of toilets in 60 households, Supporting the midday meal programme for 667 children at Gandhinagar, Gujarat, Supporting the Thalassemia Prevention program, | Health Care and Eradicating Malnutrition        | Melghat Amravati District, Wada District Maharashtra, Gandhinagar Gujarat, Mumbai, | 16.63   | 16.63                                   | 16.63   | 16.63  |
| 3.      | Supporting of establishment Naunihal - a shelter home for 35 girls, Supporting of establishment Suraksha - a open shelter home for 19 girls in   | Women Empowerment                               | Kharghar, Navi Mumbai, Neral Raigad district.                                      | 17.65   | 17.65                                   | 17.65   | 17.65  |
| 4.      | Maintenance of trees at Bhavale Lonad forest area, Providing speciality surgeries to street animals.   | Environmental sustainability and animal welfare | Bhiwandi, Maharashtra, Thane, Maharashtra  | 4.56  | 4.56                                    | 4.56  | 4.56   |

- Details implementing Agency: Aarmbh, Navi Mumbai, The Akshay Patra Foundation, Aasara Neral Thane district, Hariyali Thane district, Helpers for Handicapped Kolhapur Maharashtra, Parivaar Education Socceity, 24 Parganas West Bengal, Magic Bus India Foundation, Mahan Trust Melghat, Prasad Chiktsa Wada district Maharashtra, Prerna Mumbai Maharashtra, Social Action for Manpower Creation Pune Maharashtra, Sangopita Badlapur Maharashtra, SPCA Thane, SOS –Children's Village, Alibaug, Maharashtra, Maharashtra, Think Foundation Mumbai Maharashtra, Kherwadi Social Welfare Agency Maharashtra.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR projects are monitored on a quarterly basis. The monitoring report has been prepared as per the policy. The monitoring of projects has been done keeping in mind the CSR objectives of the company.

**Ms. Priti Rao**  
Chairperson

**Ashank Desai**  
Member

**Sudhakar Ram**  
Member

**MASTEK LIMITED**

# AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MASTEK LIMITED

## Independent Auditors' Report

### To the Members of Mastek Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Mastek Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

#### 10. As required by Section 143 (3) of the Act, we report 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 purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015, on its financial position in its standalone financial statements – Refer note 20;
  - ii. The Company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 6;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse,  
Firm Registration Number: 012754N)

Mumbai  
April 22, 2015

**Pradip Kanakia**  
Partner  
Membership Number 39985



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Mastek Limited on the financial statements as of and for the year ended March 31, 2015.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase

of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vi. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, wealth-tax, service-tax, duty of customs and cess which have not been deposited on account of any dispute. The particulars of dues of sales tax and value added tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows;

| Name of the statute                       | Nature of dues   | Amount in ₹ Lakhs                         | Period to which the amount relates | Forum where the dispute is pending                 |
|---|--|---|------------------------------------|--|
| The Maharashtra Value Added Tax Act, 2002 | Demand of VAT on provision of software services including interest | 152.34<br>(including interest of ₹ 57.14) | F.Y. 09-10                         | Joint Commissioner of Sales-tax (Appeals), Mazgaon |
| The Central Sales Tax Act, 1956           | Demand of CST on provision of software services including interest | 21.43<br>(including interest of ₹ 8.04)   | F.Y. 09-10                         | Joint Commissioner of Sales-tax (Appeals), Mazgaon |

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- vii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- x. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

Mumbai  
April 22, 2015

**Pradip Kanakia**  
Partner  
Membership Number 39985

## BALANCE SHEET AS AT MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Note    | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|---------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                         |         |                         |                         |
| <b>Shareholders' funds</b>                            |         |                         |                         |
| Share capital   | 3       | 1,127.33                | 1,108.03                |
| Reserves and surplus                                  | 4       | 42,655.58               | 33,229.44               |
|   |         | <b>43,782.91</b>        | <b>34,337.47</b>        |
| <b>Non-current liabilities</b>                        |         |                         |                         |
| Long-term borrowings                                  | 5       | 85.66                   | 135.42                  |
| Long-term provisions                                  | 6       | 1,206.12                | 1,754.32                |
| <b>Current liabilities</b>                            |         |                         |                         |
| Trade payables  | 7       | 604.30                  | 278.77                  |
| Other current liabilities                             | 8       | 4,675.56                | 6,518.78                |
| Short-term provisions                                 | 9       | 1,062.44                | 1,850.90                |
| <b>Total</b>  |         | <b>51,416.99</b>        | <b>44,875.66</b>        |
| <b>ASSETS</b>   |         |                         |                         |
| <b>Non-current assets</b>                             |         |                         |                         |
| Fixed assets  |         |                         |                         |
| Tangible assets                                       | 10 (i)  | 6,141.71                | 6,720.15                |
| Intangible assets                                     | 10 (ii) | 785.54                  | 1,061.06                |
| Capital work-in-progress                              |         | 131.10                  | 33.66                   |
| Non-current investments                               | 11      | 15,227.45               | 13,655.00               |
| Deferred tax assets                                   | 12      | 1,926.43                | 1,882.15                |
| Long-term loans and advances                          | 13      | 4,840.09                | 6,063.42                |
| Other non-current assets                              | 14      | 309.58                  | 26.46                   |
| <b>Current assets</b>                                 |         |                         |                         |
| Current investments                                   | 15      | 5,121.20                | 8,140.00                |
| Trade receivables                                     | 16      | 7,464.04                | 3,368.78                |
| Cash and bank balances                                | 17      | 4,978.89                | 1,730.73                |
| Short-term loans and advances                         | 18      | 1,106.04                | 676.67                  |
| Other current assets                                  | 19      | 3,384.92                | 1,517.58                |
| <b>Total</b>  |         | <b>51,416.99</b>        | <b>44,875.66</b>        |
| Summary of significant accounting policies            | 2       |                         |                         |
| Contingent liabilities, capital and other commitments | 20, 21  |                         |                         |

The accompanying notes are an integral part of these financial statements  
In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

**Pradip Kanakia**  
Partner  
Membership Number: 39985

Mumbai, April 22, 2015

For and on behalf of the Board

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|  | Note | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------|------------------------------|------------------------------|
| Revenue from operations                          | 22   | <b>66,511.97</b>             | 55,057.34                    |
| Other income                                     | 23   | <b>2,305.40</b>              | 2,129.94                     |
| <b>Total Revenue</b>                             |      | <b>68,817.37</b>             | 57,187.28                    |
| Expenses   |      |                              |                              |
| Employee benefits expenses                       | 24   | <b>37,684.24</b>             | 32,524.74                    |
| Finance costs                                    | 25   | <b>27.43</b>                 | 26.87                        |
| Depreciation and amortization expenses           | 26   | <b>2,702.38</b>              | 2,566.34                     |
| Other expenses                                   | 27   | <b>21,085.46</b>             | 17,241.90                    |
| <b>Total Expenses</b>                            |      | <b>61,499.51</b>             | 52,359.85                    |
| Profit before exceptional items and tax          |      | <b>7,317.86</b>              | 4,827.43                     |
| Exceptional items - (gain) / loss, net           | 28   | <b>(494.95)</b>              | 1,555.01                     |
| <b>Profit before tax</b>                         |      | <b>7,812.81</b>              | 3,272.42                     |
| Profit from continuing operations before tax     |      | <b>5,905.95</b>              | 2,145.20                     |
| Tax expense from continuing operations:          |      |                              |                              |
| Current tax                                      |      | <b>1,340.94</b>              | 739.64                       |
| Less: Minimum alternate tax credit entitlement   |      | —                            | (91.54)                      |
| Net current tax                                  |      | <b>1,340.94</b>              | 648.10                       |
| Deferred tax (credit) / charge                   |      | <b>(86.69)</b>               | 260.78                       |
| Income tax refund / write back for earlier years |      | <b>(1,527.60)</b>            | (716.71)                     |
| Profit from continuing operations after tax      |      | <b>6,179.30</b>              | 1,953.03                     |
| Profit from discontinuing operations before tax  | 44   | <b>1,906.86</b>              | 1,127.22                     |
| Tax expense from discontinuing operations        |      | <b>647.41</b>                | 383.14                       |
| Profit from discontinuing operations after tax   |      | <b>1,259.45</b>              | 744.08                       |
| <b>Profit for the year</b>                       |      | <b>7,438.75</b>              | 2,697.11                     |
| Earnings per equity share                        | 29   |                              |                              |
| Basic (Face value of ₹ 5 each)                   |      | <b>₹ 33.33</b>               | ₹ 10.98                      |
| Diluted (Face value of ₹ 5 each)                 |      | <b>₹ 31.75</b>               | ₹ 10.84                      |
| Summary of significant accounting policies       | 2    |                              |                              |

The accompanying notes are an integral part of these financial statements  
In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

**Pradip Kanakia**  
Partner  
Membership Number: 39985

Mumbai, April 22, 2015

For and on behalf of the Board

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>   |                              |                              |
| Profit before exceptional item and tax, including discontinuing operations              | 7,317.86                     | 4,827.43                     |
| Adjustments for :   |                              |                              |
| Interest income   | (537.57)                     | (389.40)                     |
| Reversal of accrued revenue   | 79.83                        | -                            |
| Employee stock compensation expenses  | 13.39                        | -                            |
| Interest on finance lease   | 21.63                        | 20.66                        |
| Depreciation and amortisation   | 2,702.38                     | 2,566.34                     |
| Provision for doubtful debts and loans and advances                                     | 220.30                       | 78.55                        |
| Bad debts written off   | 10.79                        | 0.28                         |
| Reversal of provision for cost overrun on contracts, net                                | (1.92)                       | (124.63)                     |
| Dividend from subsidiary  | (820.88)                     | (1,143.67)                   |
| Profit on sale of fixed asset, net  | (14.85)                      | (0.56)                       |
| Profit on sale of current investments   | (789.18)                     | (435.79)                     |
| Operating profit before working capital changes   | 8,201.78                     | 5,399.21                     |
| (Increase) / Decrease in trade receivables  | (4,326.35)                   | 2,206.51                     |
| (Increase) / Decrease in loans and advances and other current and non-current assets    | (2,394.20)                   | 1,150.40                     |
| (Decrease) / Increase in trade payables, other liabilities and provisions               | (223.88)                     | 838.12                       |
| Cash generated from operations  | 1,257.35                     | 9,594.24                     |
| Income taxes refunds received / (paid), net   | 280.11                       | (703.21)                     |
| Net cash generated from operating activities before exceptional items                   | 1,537.46                     | 8,891.03                     |
| Amount paid for restructuring expenses  | (199.59)                     | -                            |
| Amount paid for demerger expenses   | (344.45)                     | -                            |
| Net cash generated from operating activities  | 993.42                       | 8,891.03                     |
| <b>Cash flows from investing activities</b>   |                              |                              |
| Proceeds from sale of tangible assets   | 60.88                        | 2.61                         |
| Purchase of tangible and intangible assets, net of capital work-in-progress capitalised | (1,985.46)                   | (1,825.15)                   |
| Interest received   | 583.03                       | 361.61                       |
| Dividend from subsidiary  | 820.88                       | 1,143.67                     |
| Investment in subsidiaries  | (3,029.79)                   | -                            |
| Sale proceeds of current investments  | 53,204.80                    | 53,032.99                    |
| (Investment) / Realisation of fixed deposits having maturity over three months          | (3,850.00)                   | 999.00                       |
| Purchase of current investments   | (49,396.82)                  | (57,037.20)                  |
| Net cash used in investing activities before exceptional items                          | (3,592.48)                   | (3,322.47)                   |
| Proceeds from sale of investments in subsidiaries                                       | 2,482.41                     | -                            |
| Net cash used in investing activities   | (1,110.07)                   | (3,322.47)                   |
| <b>Cash flows from financing activities</b>   |                              |                              |
| Proceeds from issue of shares under the employee stock option schemes                   | 558.80                       | 5.98                         |
| Payment made to shareholders on buyback of shares                                       | -                            | (5,417.09)                   |
| Repayment of finance lease obligation   | (45.74)                      | (40.44)                      |
| Dividends paid including dividend distribution tax                                      | (973.90)                     | (1,174.85)                   |
| Interest paid on finance lease  | (21.63)                      | (20.66)                      |
| Net cash used in financing activities   | (482.47)                     | (6,647.06)                   |
| <b>Net decrease in cash and cash equivalents during the year</b>                        | (599.12)                     | (1,078.50)                   |
| <b>Cash and cash equivalents at the beginning of the year</b>                           | 1,686.64                     | 2,765.14                     |
| <b>Cash and cash equivalents at the end of the year</b>                                 | 1,087.52                     | 1,686.64                     |

### Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents - Refer note 17
- Figures in brackets indicate cash outgo.
- Previous year figures have been regrouped or reclassified wherever necessary.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

**Pradip Kanakia**  
Partner  
Membership Number: 39985

Mumbai, April 22, 2015

For and on behalf of the Board

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

## 1. General information

Mastek Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is a provider of vertically-focused enterprise technology solutions and platforms in Insurance (Life, Pensions and General), Government / Public Sector and Financial Services Sectors. Following the Company's decision to demerge its Insurance Products and Services business through a court scheme (Refer note 44), that business has been treated as a discontinuing operation in these financial statements from the proposed appointment date of April 1, 2014.

The Company's offering portfolio includes business and technology services comprising IT Consulting, Application Development, Systems Integration, Application Management Outsourcing, Testing, Data Warehousing and Business Intelligence, Application Security, CRM services and Legacy Modernisation. The Company operates through its offshore software development centres at Mumbai, Pune, Chennai and Mahape and through its subsidiaries / branch in U.S., Canada, U.K. and Asia-Pacific.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Group has ascertained its normal operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

### 2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

### 2.3 Tangible assets and depreciation

Tangible assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on the straight line method, on a pro rata basis, over the estimated useful lives of assets which are not longer than the useful lives prescribed under Schedule II to the Companies Act, 2013, in order to reflect the period over which the depreciable asset is expected to be used by the company. The estimates of useful lives of the assets based on a technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013.

| <u>Assets</u>          | <u>Useful Life</u>                                       |
|------------------------|--|
| Buildings              | 25 - 30 years  |
| Computers              | 2 years  |
| Plant and equipment    | 5 years  |
| Furniture and fixtures | 5 years  |
| Vehicles               | 5 years  |
| Office equipment       | 2 - 5 years  |
| Leasehold land         | Lease Term ranging from 95-99 years                      |
| Leasehold improvements | 5 years or the primary period of lease whichever is less |

### 2.4 Intangible assets and amortization

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line method over their estimated useful lives as follows:

| <u>Assets</u>     | <u>Useful Life</u> |
|-------------------|--------------------|
| Goodwill          | 3 years            |
| Computer software | 1 - 5 years        |

Expenditure on research is recognised as an expense when it is incurred. Development costs of products are also charged to the Statement of Profit and Loss unless all the criteria for capitalisation as set out in paragraph 44 of AS 26 - 'Intangible Assets' have been met by the Company.

### 2.5 Impairment of assets

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or many have decreased.

## 2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-current investments. Current investments are carried at cost or fair value, whichever is lower. Non-current investments are carried at cost. However, provision for other than temporary decline in value is made to recognise a decline, other than temporary, in the value of non-current investments, such reduction being determined and made for each investment individually.

Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Refer note 2.3 for depreciation rate used for buildings.

## 2.7 Foreign currency transactions and translation

Foreign currency transactions of the Company and of its integral foreign branch are accounted at the exchange rates prevailing on the date of the transaction or at an average rate that approximates the actual rate at the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. 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 Statement of Profit and Loss.

In case of forward exchange contracts which are open on the balance sheet date and are backed by receivables, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. The exchange difference on such contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between a) the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, and b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. The exchange difference so computed on such contracts is recognised in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognised as income or expense for the year.

## 2.8 Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

The use of hedging instruments is governed by the policies of the Company which are approved by its Board of Directors.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in the hedging reserve and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

For derivative financial instruments that do not qualify for hedge accounting, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or expense for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss for the year.

## 2.9 Employee benefits

### (i) Long-term employee benefits

#### (a) Defined contribution plans

The Company has defined contribution plans for post employment benefits in the form of provident fund, 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 Company also makes contributions towards defined contribution plans in respect of its branch in foreign jurisdiction, as applicable. Under the defined contribution plans, the Company has no further obligation beyond making the contributions. Such contributions are charged to the Statement of Profit and Loss as incurred.

#### (b) Defined benefit plans

The Company has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India (LIC). Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

## (c) Other long-term employee benefits

The employees of the Company are also entitled for other long-term benefit in the form of compensated absences as per the policy of the Company. Leave encashment vests to employees on an annual basis for leave balance above the upper limit as per the Company's policy. At the time of retirement, death while in employment or on termination of employment, leave encashment vests equivalent to salary payable for number of days of accumulated leave balance subject to an upper limit as per the Company's policy. Liability for such benefit is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

## (ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

## (iii) Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or those arising from restructuring, are recognised in the Statement of Profit and Loss when the Company 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.

## 2.10 Revenue recognition

The Company derives revenues primarily from information technology services. Revenue is recognised in accordance with the terms of the contracts with customers as the service is performed by the proportionate completion method and when it is reasonably certain that the ultimate collection will be made. Revenues on time and material contracts are recognised when services are rendered and related costs are incurred. Revenues on fixed price, fixed time bound contracts are recognised over the life of the contract measured by the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated. When the uncertainty, relating to the collectability arises subsequent to the rendering of the service, a separate provision is made to reflect the uncertainty and the amount of revenue originally recorded is not adjusted.

Revenues from maintenance contracts are recognised on a straight line basis over the period of the contract.

Revenues from resale of software and hardware are recognised upon delivery of products to the customer, when the significant risks and rewards of ownership are transferred to the buyer and the ultimate collection is reasonably certain.

Accrued revenue included in 'Other current assets', represents amounts in respect of services performed in accordance with contract terms, not yet billed to customers at the year end. Unearned revenue included in 'Other current liabilities' represents amounts received/billed in excess of the value of work performed in accordance with the terms of the contracts with customers.

## 2.11 Other income

Dividend income from subsidiaries and on other investments is recognised when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate of interest. Rental income is recognised on a straight line basis over the term of the lease as per the terms of the base contract.

## 2.12 Leases

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets to the lessee i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 – 'Leases', are capitalized. The assets acquired under finance leases are capitalised at the lower of the fair value at the inception of the lease and the present value of minimum lease payments and a liability is created for an equivalent amount. Such assets are disclosed as leased assets under tangible assets and are depreciated in accordance with the Company's depreciation policy described in note 2.3. Each lease rental paid on the finance lease is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Other leases are classified as operating leases and rental payments in respect of such leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Assets given under operating leases are capitalised in the Balance Sheet under tangible assets and are depreciated as per the Company's depreciation policy described in note 2.3.

## 2.13 Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net loss / profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of antidilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share.

## 2.14 Income Taxes

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Minimum Alternative Tax (MAT) credit is recognised as an assets only when and to the extent their is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent their is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Current 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

## 2.15 Accounting for Employee Stock Options

Stock options granted to employees of Mastek Limited and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 (SEBI guidelines) issued by the Securities and Exchange Board of India (SEBI) and as amended from time to time and the guidance note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortized portion of value of lapsed portion and a debit to share options outstanding account equal to the un-amortised portion.

## 2.16 Provisions and Contingent Liabilities

Provisions are recognised when the Company 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 Company 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 Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain.

## 2.17 Cash and Cash Equivalents

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.

## 3. Share capital

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Authorised:   |                         |                         |
| 40,000,000 (March 31, 2014: 40,000,000) equity shares of ₹ 5/- each             | 2,000.00                | 2,000.00                |
| 2,000,000 (March 31, 2014: 2,000,000) preference shares of ₹ 100/- each         | 2,000.00                | 2,000.00                |
| Total   | <u>4,000.00</u>         | <u>4,000.00</u>         |
| Issued, subscribed and fully paid up :  |                         |                         |
| 22,546,672 (March 31, 2014 : 22,160,680) equity shares of ₹ 5/- each fully paid | 1,127.33                | 1,108.03                |
| Total   | <u>1,127.33</u>         | <u>1,108.03</u>         |

### (a) Reconciliation of the number of shares

|   | As at March 31, 2015 |                 | As at March 31, 2014 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | No. of shares        | Amount          | No. of shares        | Amount          |
| <u>Equity Shares</u>  |                      |                 |                      |                 |
| Balance as at the beginning of the year   | 22,160,680           | 1,108.03        | 24,638,187           | 1,231.91        |
| Add: Addition on account of exercise of employee stock option plans [Refer note 31 (a)] | 385,992              | 19.30           | 6,500                | 0.32            |
| Less : Shares extinguished upon buy back  | -                    | -               | (2,484,007)          | (124.20)        |
| Balance as at the end of the year   | <u>22,546,672</u>    | <u>1,127.33</u> | <u>22,160,680</u>    | <u>1,108.03</u> |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

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

The Company has one class of equity shares having a par 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 in 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, in proportion to their shareholding.

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

| Equity Shares of ₹ 5 each held by :       | As at March 31, 2015 |              | As at March 31, 2014 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | No. of shares        | % of holding | No. of shares        | % of holding |
| Ashank Desai                              | 3,099,552            | 13.75%       | 3,099,552            | 13.99%       |
| Sudhakar Ram                              | 2,791,680            | 12.38%       | 2,791,680            | 12.60%       |
| Ketan Mehta                               | 2,519,100            | 11.17%       | 2,519,100            | 11.37%       |
| Fidelity Purita Trust Fidelity Low Priced | 1,650,000            | 7.32%        | 2,025,000            | 9.14%        |
| Radhakrishnan Sundar                      | 1,445,800            | 6.41%        | 1,445,800            | 6.52%        |
| Life Insurance Corporation of India *     | -                    | -            | 1,550,404            | 6.99%        |
| Ashish Dhawan +                           | -                    | -            | 1,313,935            | 5.93%        |

\* Shareholding as at March 31, 2015 is reduced to less than 5%.

+ Shareholding as at March 31, 2015 reduced to Nil.

## (d) Shares reserved for issue under options

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Number of shares to be issued under the Employee Stock Option Plans<br>[Refer note 31(a) for details of shares to be issued under the Employee Stock Option Scheme.] | 2,892,776               | 2,977,521               |

## (e) Shares bought back (during 5 years immediately preceding March 31, 2015)

|                           | As at March 31,<br>2015 | March 31, 2014 | March 31, 2013 | June 30, 2012 | June 30, 2011 |
|---------------------------|-------------------------|----------------|----------------|---------------|---------------|
| Equity Shares bought back | -                       | 2,484,007      | 2,388,000      | -             | -             |

### Shares bought back during the year ended March 31, 2014 :

At the meeting of the Board of Directors of the Company held on January 08, 2014, the Board had given consent for the buy back of Company's fully paid up equity shares of ₹ 5/- each from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1988 for an amount not exceeding ₹ 5,450 and for a price not exceeding ₹ 250/- per equity share. The number of shares to be bought back was subject to a minimum of 950,000 Equity Shares and a maximum of 3,200,000 Equity Shares.

Since the commencement of the buy back until the closure date (March 25, 2014), the Company had bought back 2,484,007 equity shares at an average price of ₹ 218.08/- per equity share. Consequently a sum of ₹ 5,417.09 had been utilised from General Reserve in respect of the buy back. Out of the amount utilised from General Reserve, an amount of ₹ 124.20 had been appropriated to the Capital redemption reserve account and the paid up share capital had been reduced by the same amount. The company had fully extinguished the shares bought back during the above mentioned period.

## 4. Reserves and surplus

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>Capital reserve</b>  |                         |                         |
| Balance as at the beginning of the year   | 106.07                  | 106.07                  |
| Balance as at the end of the year   | 106.07                  | 106.07                  |
| <b>Capital redemption reserve account</b>   |                         |                         |
| Balance as at the beginning of the year   | 1,538.87                | 1,414.67                |
| Add : Transferred from general reserve [Refer note 3(e)]                              | -                       | 124.20                  |
| Balance as at the end of the year   | 1,538.87                | 1,538.87                |
| <b>Securities premium account</b>   |                         |                         |
| Balance as at the beginning of the year   | 5.66                    | -                       |
| Add : Addition on account of exercise of shares under the employee stock option plans | 539.50                  | 5.66                    |
| Balance as at the end of the year   | 545.16                  | 5.66                    |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>Employee stock options outstanding account</b>                           |                         |                         |
| Addition on account of employee stock option plans                          | 131.75                  | -                       |
| Balance as at the end of the year [Refer note 31(f)]                        | <u>131.75</u>           | <u>-</u>                |
| <b>General reserve</b>  |                         |                         |
| Balance as at the beginning of the year                                     | 2,235.67                | 7,132.76                |
| Less : Utilised for buy back of shares [Refer note 3(e)]                    | -                       | (5,292.89)              |
| Less : Transferred to capital redemption reserve account [Refer note 3(e)]  | -                       | (124.20)                |
| Add : Transfer from surplus in statement of profit and loss during the year | 180.00                  | 520.00                  |
| Balance as at the end of the year   | <u>2,415.67</u>         | <u>2,235.67</u>         |

|  |                 |              |
|--|-----------------|--------------|
| <b>Hedging reserve account</b>                                   |                 |              |
| Balance as at the beginning of the year                          | 31.20           | 195.92       |
| Add: Changes in the fair value of the effective cash flow hedges | 1,849.71        | (164.72)     |
| Balance as at the end of the year (Refer note 34)                | <u>1,880.91</u> | <u>31.20</u> |

|   |                  |                  |
|---|------------------|------------------|
| <b>Surplus in statement of profit and loss</b>        |                  |                  |
| Balance as at the beginning of the year               | 29,311.97        | 28,157.93        |
| Profit for the year                                   | 7,438.75         | 2,697.11         |
| Less: Appropriations                                  |                  |                  |
| Interim dividend                                      | (336.64)         | (431.17)         |
| Proposed final dividend on equity shares for the year | (227.30)         | (609.42)         |
| Dividend distribution tax, net*                       | 30.37            | 17.52            |
| Transfer to general reserve during the year           | (180.00)         | (520.00)         |
| Balance as at the end of the year                     | <u>36,037.15</u> | <u>29,311.97</u> |
| Total   | <u>42,655.58</u> | <u>33,229.44</u> |

\* Dividend Distribution Tax (DDT) net, pertaining to the current year comprises the DDT liability of ₹ 73.20 (previous year ₹ 103.57) on interim dividend and proposed final dividend and a credit of ₹ 103.57 (previous year ₹ 121.09) in respect of tax paid u/s 115 BBD of the Indian Income Tax Act, 1961 by the Company on dividend received from a foreign subsidiary during the year.

## 5. Long-term borrowings

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Secured :  |                         |                         |
| Long term maturities of finance lease obligations in respect of vehicles [Refer note 32(ii)] | <u>85.66</u>            | <u>135.42</u>           |

(a) Nature of security and terms of repayment for secured borrowings

### Nature of Security

Finance lease obligations are secured by hypothecation of assets underlying the leases.

### Terms of Repayment

Monthly payment of Equated monthly instalments beginning from the month subsequent to taking the lease.

## 6. Long-term provisions

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Provision for employee benefits                   |                         |                         |
| Provision for gratuity [Refer note 30(b)(iii)]    | -                       | 727.18                  |
| Provision for leave encashment [Refer note 30(c)] | 1,190.36                | 1,009.46                |
| Others  |                         |                         |
| Provision for cost overrun on contracts *         | 15.76                   | 17.68                   |
| Total   | <u>1,206.12</u>         | <u>1,754.32</u>         |

\* Movement in the provision represents the amount shown as 'Reversal of provision for cost overrun on contracts, net' (Refer note 27)

## 7. Trade payables

|                                | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--------------------------------|-------------------------|-------------------------|
| Trade payables (Refer note 37) | <u>604.30</u>           | <u>278.77</u>           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 8. Other current liabilities

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Current maturities of finance lease obligations in respect of vehicles [Refer note 32(ii)] | 49.56                   | 53.03                   |
| Unearned revenue   | 232.86                  | 1,915.95                |
| Unpaid dividends [Refer note (a) below]  | 41.37                   | 44.09                   |
| Security and other deposits  | 1.58                    | 48.54                   |
| Other payables   |                         |                         |
| Employee benefits payable  | 1,501.23                | 2,050.51                |
| Accrued expenses   | 2,194.46                | 1,833.78                |
| Capital creditors  | 149.83                  | 165.87                  |
| Statutory dues including provident fund and tax deducted at source                         | 504.67                  | 407.01                  |
| <b>Total</b>   | <b>4,675.56</b>         | <b>6,518.78</b>         |

(a) There is no amount due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.\*\*

\*\* Section 125 of Companies Act, 2013 which corresponds to Section 205C of Companies Act, 1956 has not yet been enforced.

### 9. Short-term provisions

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Provision for employee benefit   |                         |                         |
| Provision for leave encashment [Refer note 30(c)]  | 789.78                  | 803.50                  |
| Others   |                         |                         |
| Provision for taxes, net of advance tax  | -                       | 332.34                  |
| Provision for mark-to-market losses on outstanding derivative contracts (Refer note 34)  | -                       | 2.07                    |
| Provision for proposed final dividend at ₹ 1/- per share (Previous year ₹ 2.75/- per share) on equity shares of face value of ₹ 5/- each | 225.47                  | 609.42                  |
| Provision for dividend distribution tax on proposed final dividend on equity shares  | 47.19                   | 103.57                  |
| <b>Total</b>   | <b>1,062.44</b>         | <b>1,850.90</b>         |

### 10. Fixed assets

#### (i) Tangible assets

|                        | Gross Block (at cost) |                 |                 |                      | Depreciation        |                 |                 |                      | Net Block            |                      |
|------------------------|-----------------------|-----------------|-----------------|----------------------|---------------------|-----------------|-----------------|----------------------|----------------------|----------------------|
|                        | As at April 1, 2014   | Additions       | Deductions      | As at March 31, 2015 | As at April 1, 2014 | For the year    | Deductions      | As at March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| a. Own assets :        |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |
| Buildings              | 5,891.77              | -               | -               | 5,891.77             | 1,771.11            | 150.16          | -               | 1,921.27             | 3,970.50             | 4,120.66             |
| Computers              | 2,572.44              | 690.60          | (0.46)          | 3,262.58             | 1,952.32            | 616.55          | (0.20)          | 2,568.67             | 693.91               | 620.12               |
| Plant and equipment    | 4,280.75              | 107.37          | (77.90)         | 4,310.22             | 3,881.37            | 258.89          | (77.88)         | 4,062.38             | 247.84               | 399.38               |
| Furniture and fixtures | 5,819.74              | 147.67          | (2.25)          | 5,965.16             | 5,248.58            | 319.65          | (2.25)          | 5,565.98             | 399.18               | 571.16               |
| Vehicles               | 407.46                | 58.50           | (121.24)        | 344.72               | 242.99              | 96.02           | (82.53)         | 256.48               | 88.24                | 164.47               |
| Office equipment       | 1,905.86              | 49.94           | (2.88)          | 1,952.92             | 1,725.71            | 67.73           | (2.48)          | 1,790.96             | 161.96               | 180.15               |
| <b>Total (A)</b>       | <b>20,878.02</b>      | <b>1,054.08</b> | <b>(204.73)</b> | <b>21,727.37</b>     | <b>14,822.08</b>    | <b>1,509.00</b> | <b>(165.34)</b> | <b>16,165.74</b>     | <b>5,561.63</b>      | <b>6,055.94</b>      |

#### b. Leased assets :

|                        |                  |                 |                 |                  |                  |                 |                 |                  |                 |                 |
|------------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Leasehold land         | 558.45           | -               | -               | 558.45           | 105.10           | 61.37           | -               | 166.47           | 391.98          | 453.35          |
| Leasehold improvements | 400.42           | -               | -               | 400.42           | 391.06           | 7.50            | -               | 398.56           | 1.86            | 9.36            |
| Vehicles               | 262.12           | 7.38            | (31.63)         | 237.87           | 60.62            | 16.00           | (24.99)         | 51.63            | 186.24          | 201.50          |
| <b>Total (B)</b>       | <b>1,220.99</b>  | <b>7.38</b>     | <b>(31.63)</b>  | <b>1,196.74</b>  | <b>556.78</b>    | <b>84.87</b>    | <b>(24.99)</b>  | <b>616.66</b>    | <b>580.08</b>   | <b>664.21</b>   |
| <b>Total (A + B)</b>   | <b>22,099.01</b> | <b>1,061.46</b> | <b>(236.36)</b> | <b>22,924.11</b> | <b>15,378.86</b> | <b>1,593.87</b> | <b>(190.33)</b> | <b>16,782.40</b> | <b>6,141.71</b> | <b>6,720.15</b> |

#### (ii) Intangible assets

|                   | Gross Block (at cost) |               |            |                      | Amortisation        |                 |            |                      | Net Block            |                      |
|-------------------|-----------------------|---------------|------------|----------------------|---------------------|-----------------|------------|----------------------|----------------------|----------------------|
|                   | As at April 1, 2014   | Additions     | Deductions | As at March 31, 2015 | As at April 1, 2014 | For the year    | Deductions | As at March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| Goodwill          | 130.32                | -             | -          | 130.32               | 130.32              | -               | -          | 130.32               | -                    | -                    |
| Computer software | 3,920.23              | 819.07        | -          | 4,739.30             | 2,859.17            | 1,094.59        | -          | 3,953.76             | 785.54               | 1,061.06             |
| <b>Total</b>      | <b>4,050.55</b>       | <b>819.07</b> | <b>-</b>   | <b>4,869.62</b>      | <b>2,989.49</b>     | <b>1,094.59</b> | <b>-</b>   | <b>4,084.08</b>      | <b>785.54</b>        | <b>1,061.06</b>      |

Notes:

(a) Own buildings include subscription towards share capital of Co-operative societies amounting to Rupees Two Hundred and Fifty only (Previous year Rupees Two Hundred and Fifty only).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

| <b>10. Fixed assets for previous year ended March 31, 2014</b> |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |  |
|--|-----------------------|-----------------|-----------------|----------------------|---------------------|-----------------|-----------------|----------------------|----------------------|----------------------|--|
| <b>(i) Tangible assets</b>                                     |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |  |
|  | Gross Block (at cost) |                 |                 |                      | Depreciation        |                 |                 |                      | Net Block            |                      |  |
|  | As at April 1, 2013   | Additions       | Deductions      | As at March 31, 2014 | As at April 1, 2013 | For the year    | Deductions      | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |  |
| <b>a. Own assets :</b>   |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |  |
| Buildings  | 5,891.77              | -               | -               | 5,891.77             | 1,620.92            | 150.19          | -               | 1,771.11             | 4,120.66             | 4,270.85             |  |
| Computers  | 1,956.31              | 616.35          | (0.22)          | 2,572.44             | 1,538.05            | 414.49          | (0.22)          | 1,952.32             | 620.12               | 418.26               |  |
| Plant and equipment  | 4,180.52              | 103.85          | (3.62)          | 4,280.75             | 3,598.89            | 286.10          | (3.62)          | 3,881.37             | 399.38               | 581.63               |  |
| Furniture and fixtures   | 5,557.94              | 269.59          | (7.79)          | 5,819.74             | 4,898.66            | 357.71          | (7.79)          | 5,248.58             | 571.16               | 659.28               |  |
| Vehicles   | 351.06                | 70.20           | (13.80)         | 407.46               | 190.96              | 65.83           | (13.80)         | 242.99               | 164.47               | 160.10               |  |
| Office equipment   | 1,815.00              | 93.21           | (2.35)          | 1,905.86             | 1,666.48            | 61.36           | (2.13)          | 1,725.71             | 180.15               | 148.52               |  |
| <b>Total (A)</b>   | <b>19,752.60</b>      | <b>1,153.20</b> | <b>(27.78)</b>  | <b>20,878.02</b>     | <b>13,513.96</b>    | <b>1,335.68</b> | <b>(27.56)</b>  | <b>14,822.08</b>     | <b>6,055.94</b>      | <b>6,238.64</b>      |  |
| <b>b. Leased assets :</b>                                      |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |  |
| Leasehold land   | 558.45                | -               | -               | 558.45               | 43.73               | 61.37           | -               | 105.10               | 453.35               | 514.72               |  |
| Leasehold improvements   | 459.03                | -               | (58.61)         | 400.42               | 442.17              | 7.50            | (58.61)         | 391.06               | 9.36                 | 16.86                |  |
| Vehicles   | 195.05                | 72.69           | (5.62)          | 262.12               | 21.16               | 43.25           | (3.79)          | 60.62                | 201.50               | 173.89               |  |
| <b>Total (B)</b>   | <b>1,212.53</b>       | <b>72.69</b>    | <b>(64.23)</b>  | <b>1,220.99</b>      | <b>507.06</b>       | <b>112.12</b>   | <b>(62.40)</b>  | <b>556.78</b>        | <b>664.21</b>        | <b>705.47</b>        |  |
| <b>Total (A + B)</b>   | <b>20,965.13</b>      | <b>1,225.89</b> | <b>(92.01)</b>  | <b>22,099.01</b>     | <b>14,021.02</b>    | <b>1,447.80</b> | <b>(89.96)</b>  | <b>15,378.86</b>     | <b>6,720.15</b>      | <b>6,944.11</b>      |  |
| <b>(ii) Intangible assets</b>                                  |                       |                 |                 |                      |                     |                 |                 |                      |                      |                      |  |
|  | Gross Block (at cost) |                 |                 |                      | Amortisation        |                 |                 |                      | Net Block            |                      |  |
|  | As at April 1, 2013   | Additions       | Deductions      | As at March 31, 2014 | As at April 1, 2013 | For the year    | Deductions      | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |  |
| Goodwill   | 130.32                | -               | -               | 130.32               | 130.32              | -               | -               | 130.32               | -                    | -                    |  |
| Computer software  | 3,567.16              | 894.31          | (541.24)        | 3,920.23             | 2,295.79            | 1,104.62        | (541.24)        | 2,859.17             | 1,061.06             | 1,271.37             |  |
| <b>Total</b>   | <b>3,697.48</b>       | <b>894.31</b>   | <b>(541.24)</b> | <b>4,050.55</b>      | <b>2,426.11</b>     | <b>1,104.62</b> | <b>(541.24)</b> | <b>2,989.49</b>      | <b>1,061.06</b>      | <b>1,271.37</b>      |  |

Note:

(a) Own buildings include subscription towards share capital of Co-operative societies amounting to Rupees Two hundred and fifty ( Previous year Rupees Two hundred and fifty).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 11. Non-current investments

|  | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
|--|---------------------------------|-------------------------|
| (A) Investment property (at cost less accumulated depreciation)  |                                 |                         |
| Gross block  |                                 |                         |
| Opening and Closing  | <b>389.41</b>                   | 389.41                  |
| Less : Accumulated depreciation  |                                 |                         |
| Opening  | <b>134.65</b>                   | 120.73                  |
| Depreciation for the year  | <b>13.92</b>                    | 13.92                   |
| Closing  | <b>148.57</b>                   | 134.65                  |
| Net block  | <b>240.84</b>                   | 254.76                  |
|  | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
| (B) Trade investments  |                                 |                         |
| Investment in subsidiaries - fully paid equity shares (Unquoted, at cost)                                  |                                 |                         |
| Majesco, USA (Formerly - MajescoMastek)  |                                 |                         |
| 153,180,750 (Previous year - 128,415,000) Equity Shares of US \$ 0.002 each, fully paid up (Refer note 42) | <b>14,590.26</b>                | 11,565.47               |
| Mastek Asia Pacific Pte Ltd., Singapore  |                                 |                         |
| 2,850,000 (Previous year - 2,850,000) Equity Shares of US \$ 1 each, fully paid up                         | 717.98                          |                         |
| Less : Provision for other than temporary decline in value   | (542.44)                        | 175.54                  |
| (Previous year gross value ₹ 717.98, provision for other than temporary decline in value ₹ 542.44)         |                                 |                         |
| Majesco Sdn Bhd., Malaysia (Formerly known as Mastek MSC Sdn Bhd., Malaysia)                               |                                 |                         |
| Nil Equity Shares (Previous year - 11,262,000) of RM 1 each, fully paid up (Refer note 43)                 | -                               | 1,443.42                |
| Mastek (UK) Ltd., UK   |                                 |                         |
| 200,000 (Previous year - 200,000) Equity Shares of £ 1 each, fully paid up                                 | <b>215.81</b>                   | 215.81                  |
| Minefields Computers Limited, India (Refer note 39)  | <b>5.00</b>                     | -                       |
| 50,000 (Previous year - Nil) Equity Shares of ₹ 10 each, fully paid up                                     |                                 |                         |
| Majesco Canada Limited, Canada (Formerly - MajescoMastek Canada Limited)                                   |                                 |                         |
| Nil (Previous year 3,500,000) Shares of CN \$ 1 each, fully paid up (Refer note 41)                        | -                               |                         |
| Less : Provision for other than temporary decline in value (Refer note 40)                                 | -                               | -                       |
| (Previous year gross value ₹ 1,555.01, provision for other than temporary decline in value ₹ 1,555.01)     |                                 |                         |
| Total  | <b>14,986.61</b>                | 13,400.24               |
| Total (A + B)  | <b>15,227.45</b>                | 13,655.00               |
| Aggregate amount of investment property  | <b>240.84</b>                   | 254.76                  |
| Aggregate amount of unquoted investments   | <b>14,986.61</b>                | 13,400.24               |
| Aggregate provision for other than temporary decline in value of unquoted investments                      | <b>(542.44)</b>                 | (2,097.45)              |

### 12. Deferred tax assets

|   | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
|---|---------------------------------|-------------------------|
| Deferred tax assets in respect of:          |                                 |                         |
| Depreciation                                | <b>1,053.29</b>                 | 976.09                  |
| Provision for gratuity and leave encashment | <b>631.58</b>                   | 824.15                  |
| Provision for doubtful debts and advances   | <b>134.62</b>                   | 68.53                   |
| Other timing differences                    | <b>106.94</b>                   | 13.38                   |
| Total                                       | <b>1,926.43</b>                 | 1,882.15                |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 13. Long-term loans and advances

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated |                         |                         |
| Capital advances                                    | 25.48                   | 8.55                    |
| Security deposits                                   | 139.62                  | 204.22                  |
| Prepaid expenses                                    | 12.94                   | 31.13                   |
| Other loans and advances                            |                         |                         |
| Advance income tax , net of provision for tax       | 1,961.68                | 2,708.19                |
| MAT credit entitlement [Refer note 33(a)]           | 2,694.26                | 3,100.53                |
| Advances to employees                               | 6.11                    | 10.80                   |
| Total   | <u>4,840.09</u>         | <u>6,063.42</u>         |

### 14. Other non-current assets

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 34) | <u>309.58</u>           | <u>26.46</u>            |

### 15. Current investments

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| At cost or market value, whichever is less:   |                         |                         |
| Investment in Mutual Funds (quoted):  |                         |                         |
| HDFC Cash Management Fund - Savings Plan - Growth<br>(4,500,000 units, Previous year - Nil units)                                     | 450.00                  | -                       |
| UTI Banking & PSU Fund - Regular Plan - Growth<br>(5,000,000 units, Previous year - Nil units)  | 500.00                  | -                       |
| UTI - Fixed Term Income Fund Series - XIX - IX - (369 days) - Growth<br>(13,011,960 units, Previous year - Nil units)                 | 1,301.20                | -                       |
| Birla Sun Life Fixed Term Plan Series LC (369 days) - Regular - Growth<br>(3,700,000 units, Previous year - Nil units)                | 370.00                  | -                       |
| HDFC FMP 376D May 2014 (1) - Series 31 - Regular - Growth<br>(5,000,000 units, Previous year - Nil units)                             | 500.00                  | -                       |
| ICICI Prudential FMP Series 74 - (368 days) Plan Y Regular Plan Cumulative<br>(5,000,000 units, Previous year - Nil units)            | 500.00                  | -                       |
| IDFC Fixed Term Plan - Series 73 (50 days) - Regular - Growth<br>(Nil units, Previous year - 5,000,000 units)                         | -                       | 500.00                  |
| UTI Fixed Term Income Fund - Series XV - II (367 Days) - Growth<br>(Nil units, Previous year - 10,000,000 units)                      | -                       | 1,000.00                |
| HDFC FMP 370D April 2014 (1) - Series 31 - Regular - Growth<br>(15,000,000 units, Previous year - 5,000,000 units)                    | 1,500.00                | 500.00                  |
| IDFC Fixed Term Plan Series 20 - Regular - Growth<br>(Nil units, Previous year - 7,500,000 units)                                     | -                       | 750.00                  |
| UTI - Fixed Term Income Fund Series - XV - VI (368 Days) - Growth<br>(Nil units, Previous year - 12,000,000 units)                    | -                       | 1,200.00                |
| ICICI Prudential - Fixed Maturity Plan Series 68 - 369 Days Plan E - Regular - Growth<br>(Nil units, Previous year - 6,300,000 units) | -                       | 630.00                  |
| DWS Interval Fund - Annual Plan Series 1 - Regular - Growth<br>(Nil units, Previous year - 12,000,000 units)                          | -                       | 1,200.00                |
| LIC Nomura MF Fixed Maturity Plan - Series 66 - 371 Days - Growth<br>(Nil units, Previous year - 23,600,000 units)                    | -                       | 2,360.00                |
| Total   | <u>5,121.20</u>         | <u>8,140.00</u>         |
| Aggregate amount of quoted investments  | <u>5,121.20</u>         | <u>8,140.00</u>         |
| Market value of quoted investments  | <u>5,453.71</u>         | <u>8,618.20</u>         |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 16. Trade receivables

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good  |                         |                         |
| Outstanding for a period exceeding six months from the date they were due for payment | 58.70                   | -                       |
| Others  | 7,405.34                | 3,368.78                |
| Unsecured, considered doubtful  |                         |                         |
| Outstanding for a period exceeding six months from the date they were due for payment | 345.46                  | 211.21                  |
| Others  | 50.60                   | -                       |
| Less: Provision for doubtful debts  | (396.06)                | (211.21)                |
| Total   | <u>7,464.04</u>         | <u>3,368.78</u>         |

### 17. Cash and bank balances

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Cash and cash equivalents  |                         |                         |
| Cash on hand   | 2.00                    | 1.87                    |
| Bank balances  |                         |                         |
| In current accounts  | 400.07                  | 1,536.18                |
| Fixed deposits (with original maturity of less than 3 months)                      | 685.45                  | 148.59                  |
|  | <u>1,087.52</u>         | <u>1,686.64</u>         |
| Other bank balances  |                         |                         |
| Fixed deposits (with original maturity more than 3 months but less than 12 months) | 3,850.00                | -                       |
| Unpaid dividend account  | 41.37                   | 44.09                   |
|  | <u>3,891.37</u>         | <u>44.09</u>            |
| Total  | <u>4,978.89</u>         | <u>1,730.73</u>         |

### 18. Short-term loans and advances

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated:                             |                         |                         |
| Other Loans and Advances   |                         |                         |
| Security deposits  | 19.45                   | 11.77                   |
| Advance contribution to employee benefit plan - gratuity [Refer note 30(b)(iii)] | 122.00                  | -                       |
| Prepaid expenses   | 771.75                  | 224.08                  |
| Service tax credit receivable  | 150.90                  | 127.68                  |
| Advances to suppliers  |                         |                         |
| Considered good  | 2.65                    | 214.61                  |
| Considered doubtful  | 7.26                    | 7.26                    |
| Less: Provision for doubtful advances  | (7.26)                  | (7.26)                  |
| Advances to employees  | 39.29                   | 98.53                   |
| Total  | <u>1,106.04</u>         | <u>676.67</u>           |

### 19. Other current assets

|   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated:                                |                         |                         |
| Interest accrued on fixed deposits  | 157.33                  | -                       |
| Interest accrued on income tax refunds  | 122.71                  | 325.51                  |
| Margin money deposit  | 1.65                    | 1.65                    |
| Accrued revenue   | 814.18                  | 1,141.46                |
| Reimbursable expenses receivable  | 717.72                  | 48.96                   |
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 34) | 1,571.33                | -                       |
| Total   | <u>3,384.92</u>         | <u>1,517.58</u>         |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 20. Contingent liabilities

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Corporate performance guarantees given by the Company on behalf of the following subsidiaries: |                         |                         |
| (a) Majesco Canada Limited (Formerly - MajescoMastek Canada Limited)                           | 7,354.88                | 7,837.96                |
| (b) Majesco (Thailand) Co. Ltd. [Formerly -Mastek MSC (Thailand) Co. Ltd.]                     | 1,562.50                | 1,497.88                |
| (c) Mastek (UK) Limited  | 8,386.12                | 9,047.71                |
| Corporate guarantees given by the Company on behalf of the following subsidiary:               |                         |                         |
| (a) Majesco, USA for its term loan   | 1,875.00                | -                       |
| Standby letter of credit given by the Company on behalf of following subsidiary:               |                         |                         |
| (a) Majesco, USA for its Line of credit for working capital loan from Bank                     | 918.75                  | -                       |
| Claims against Company not acknowledged as debts   |                         |                         |
| (a) Sales tax matter   | 173.77                  | -                       |

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

### 21. Capital and other commitments

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Capital commitments  |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 84.87                   | 235.20                  |

### 22. Revenue from operations

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Information technology services          | 66,048.24                    | 54,459.34                    |
| Other operating revenue                  |                              |                              |
| Reimbursement of expenses from customers | 43.21                        | 14.64                        |
| Secondment fees                          | 335.22                       | 339.38                       |
| Resale of software and hardware          | 49.85                        | 131.84                       |
| Doubtful debts recovered                 | 35.45                        | 112.14                       |
| Total                                    | <u>66,511.97</u>             | <u>55,057.34</u>             |

### 23. Other income

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Interest income                          |                              |                              |
| On fixed deposits                        | 212.98                       | 143.04                       |
| On income tax refunds                    | 310.58                       | 226.00                       |
| On others                                | 14.01                        | 20.36                        |
| Dividend income from subsidiary          | 820.88                       | 1,143.67                     |
| Profit on sale of tangible assets, net   | 14.85                        | 0.56                         |
| Profit on sale of current investments    | 789.18                       | 435.79                       |
| Rental income from investment properties | 44.32                        | 108.88                       |
| Miscellaneous income                     | 98.60                        | 51.64                        |
| Total                                    | <u>2,305.40</u>              | <u>2,129.94</u>              |

### 24. Employee benefits expenses

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Salaries, wages and performance incentives                   | 35,336.74                    | 30,392.33                    |
| Gratuity [Refer note 30(b)(iv)]                              | 773.07                       | (97.72)                      |
| Contribution to provident and other funds [Refer note 30(a)] | 995.18                       | 911.21                       |
| Employee stock compensation expenses                         | 13.39                        | -                            |
| Staff welfare expense  | 565.86                       | 1,318.92                     |
| Total  | <u>37,684.24</u>             | <u>32,524.74</u>             |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 25. Finance costs

|                           | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---------------------------|------------------------------|------------------------------|
| Interest on finance lease | 21.63                        | 20.66                        |
| Bank charges              | 5.80                         | 3.98                         |
| Other finance charges     | -                            | 2.23                         |
| Total                     | <b>27.43</b>                 | <b>26.87</b>                 |

### 26. Depreciation and amortisation expenses

|                                     | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------------|------------------------------|------------------------------|
| Depreciation on tangible assets     | 1,593.87                     | 1,447.80                     |
| Amortisation on intangible assets   | 1,094.59                     | 1,104.62                     |
| Depreciation on investment property | 13.92                        | 13.92                        |
| Total                               | <b>2,702.38</b>              | <b>2,566.34</b>              |

### 27. Other expenses

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Hire charges   | 249.92                       | 211.71                       |
| Recruitment and training expenses                                    | 250.00                       | 162.03                       |
| Travelling and conveyance  | 2,069.37                     | 2,096.63                     |
| Communication charges  | 278.39                       | 285.60                       |
| Electricity  | 736.80                       | 669.75                       |
| Consultancy and sub-contracting charges                              | 13,868.18                    | 10,586.71                    |
| Purchase of hardware and software                                    | 343.75                       | 418.02                       |
| Rates and taxes  | 307.44                       | 234.26                       |
| Repairs to buildings   | 453.10                       | 472.16                       |
| Repairs : others   | 964.58                       | 935.13                       |
| Insurance  | 95.47                        | 103.47                       |
| Printing and stationery  | 73.17                        | 57.79                        |
| Professional fees (Refer note (a) below)                             | 481.80                       | 496.31                       |
| Rent [Refer note 32(i)]  | 127.40                       | 114.25                       |
| Advertisement and publicity  | 171.24                       | 156.83                       |
| Expenditure towards corporate social responsibility (CSR) activities | 84.94                        | -                            |
| Net loss on foreign currency transactions and translation            | 47.44                        | 66.36                        |
| Provision for doubtful debts and loans and advances                  | 220.30                       | 78.55                        |
| Bad debt written off   | 10.79                        | 0.28                         |
| Reversal of provision for cost overrun on contracts, net             | (1.92)                       | (124.63)                     |
| Reversal of accrued revenue  | 79.83                        | -                            |
| Miscellaneous expenses   | 173.47                       | 220.69                       |
| Total  | <b>21,085.46</b>             | <b>17,241.90</b>             |

(a) Professional fees include payment to auditors :

|                                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-----------------------------------|------------------------------|------------------------------|
| i. As auditor                     |                              |                              |
| Statutory audit                   | 46.00                        | 46.00                        |
| Limited review                    | 24.00                        | 24.00                        |
| Other services                    | 9.50                         | 8.00                         |
| ii. For reimbursement of expenses | 4.40                         | 4.00                         |

(b) Other expenses shown above are net of reimbursable expenses recovered from subsidiaries under appropriate line items.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 28. Exceptional items

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Profit on sale of investments in subsidiaries (Refer note 41 and 43) | (1,038.99)                   | -                            |
| Restructuring expenses - Salaries, wages and performance incentives  | 199.59                       | -                            |
| Demerger expenses  |                              |                              |
| Professional fees  | 270.29                       | -                            |
| Salaries, wages and performance incentives                           | 65.00                        | -                            |
| Others   | 9.16                         | -                            |
| Provision for other than temporary decline in value (Refer note 40)  | -                            | 1,555.01                     |
|  | <u>(494.95)</u>              | <u>1,555.01</u>              |

### 29. Earnings Per Share (EPS)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| The components of basic and diluted earnings per share for total operations are as follows: |                              |                              |
| (a) Net profit attributable to equity shareholders  | 7,438.75                     | 2,697.11                     |
| (b) Weighted average number of outstanding equity shares                                    |                              |                              |
| Considered for basic EPS  | 22,320,332                   | 24,572,517                   |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options     | 1,106,757                    | 299,906                      |
| Considered for diluted EPS  | 23,427,089                   | 24,872,423                   |
| (c) Earnings per share in ₹   |                              |                              |
| Basic   | ₹ 33.33                      | ₹ 10.98                      |
| Diluted   | ₹ 31.75                      | ₹ 10.84                      |
| (Face value per share ₹ 5/- each)   |                              |                              |

The components of basic and diluted earnings per share for continuing operations (i.e. Solutions business) are as follows:

|   |            |            |
|---|------------|------------|
| (a) Net income attributable to equity shareholders                                      | 6,179.30   | 1,953.03   |
| (b) Weighted average number of outstanding equity shares                                |            |            |
| Considered for basic EPS  | 22,320,332 | 24,572,517 |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options | 1,106,757  | 299,906    |
| Considered for diluted EPS  | 23,427,089 | 24,872,423 |
| (c) Earnings per share (net of taxes) in ₹  |            |            |
| Basic   | ₹ 27.68    | ₹ 7.95     |
| Diluted   | ₹ 26.38    | ₹ 7.85     |
| (Face value per share ₹ 5/- each)   |            |            |

### 30. Employee benefits

The disclosures required as per the revised Accounting Standard (AS) 15 - Employee Benefits (revised 2005) are as under:

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| (a) Defined contribution plans   |                              |                              |
| The Company has recognised the following amounts in Statement of Profit and Loss for the year: |                              |                              |
| Contribution to provident fund   | 906.50                       | 874.00                       |
| Contribution to Employees' State Insurance Corporation   | 5.26                         | 5.32                         |
| Contribution to Maharashtra Labour Welfare Fund  | 1.37                         | 1.38                         |
| Superannuation contribution  | 34.93                        | 30.51                        |
| Contribution plans (branch outside India)  | 47.12                        | -                            |
| <b>Total</b> (Refer note 24)   | <u>995.18</u>                | <u>911.21</u>                |
| (b) Defined benefit plan (Gratuity)  |                              |                              |
| As per the independent actuarial valuation carried out as at March 31, 2015                    |                              |                              |
|  | As at<br>March 31, 2015      | As at<br>March 31, 2014      |
| (i) Change in defined benefit obligations (DBO) :  |                              |                              |
| Projected benefit obligation - opening   | 2,883.96                     | 2,968.23                     |
| Service cost   | 383.95                       | 430.91                       |
| Interest cost  | 292.96                       | 262.61                       |
| Actuarial loss / (gain)  | 337.41                       | (611.46)                     |
| Benefits paid  | (236.66)                     | (166.33)                     |
| Projected benefit obligation - closing   | <u>3,661.62</u>              | <u>2,883.96</u>              |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|  | <b>As at<br/>March 31, 2015</b>      | As at<br>March 31, 2014      |                |               |               |
|--|--------------------------------------|------------------------------|----------------|---------------|---------------|
| (ii) Change in fair value of assets:   |                                      |                              |                |               |               |
| Fair value of plan assets - opening  | <b>2,156.78</b>                      | 1,302.88                     |                |               |               |
| Expected return on plan assets   | <b>211.10</b>                        | 113.02                       |                |               |               |
| Employer's contribution  | <b>1,622.25</b>                      | 840.45                       |                |               |               |
| Benefit paid   | <b>(236.66)</b>                      | (166.33)                     |                |               |               |
| Actuarial gain   | <b>30.15</b>                         | 66.76                        |                |               |               |
| Fair value of plan assets - closing  | <b>3,783.62</b>                      | 2,156.78                     |                |               |               |
| (iii) Amount recognized in the Balance Sheet   |                                      |                              |                |               |               |
| Present value of obligations   | <b>3,661.62</b>                      | 2,883.96                     |                |               |               |
| Less: Fair value of plan assets  | <b>(3,783.62)</b>                    | (2,156.78)                   |                |               |               |
| Net (assets) / liability recognized  | <b>(122.00)</b>                      | 727.18                       |                |               |               |
| Recognised under:  |                                      |                              |                |               |               |
| Short-term loans and advances (Refer note 18) / Long-term provisions (Refer note 6)  | <b>(122.00)</b>                      | 727.18                       |                |               |               |
| Total  | <b>(122.00)</b>                      | 727.18                       |                |               |               |
|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |                |               |               |
| (iv) Net gratuity cost for the year  |                                      |                              |                |               |               |
| Service cost   | <b>383.95</b>                        | 430.91                       |                |               |               |
| Interest cost  | <b>292.96</b>                        | 262.61                       |                |               |               |
| Expected return on plan assets   | <b>(211.10)</b>                      | (113.02)                     |                |               |               |
| Net actuarial loss / (gain) recognized in the current year   | <b>307.26</b>                        | (678.22)                     |                |               |               |
| Net gratuity cost (Refer note 24)  | <b>773.07</b>                        | (97.72)                      |                |               |               |
| (v) Asset information  |                                      |                              |                |               |               |
| Life Insurance Corporation of India  | <b>100%</b>                          | 100%                         |                |               |               |
| (vi) Assumptions used in accounting for the gratuity plan:   |                                      |                              |                |               |               |
| Discount rate (p.a.)   | <b>7.95%</b>                         | 9.25%                        |                |               |               |
| Return on Plan Assets (p.a.)   | <b>8.85%</b>                         | 8.96%                        |                |               |               |
| Salary escalation rate ( p.a.)   | <b>10.00%</b>                        | 10.00%                       |                |               |               |
| Retirement age   | <b>60 years</b>                      | 60 years                     |                |               |               |
| The estimates of salary escalation, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market. |                                      |                              |                |               |               |
| (vii) Expected Contribution to the fund in the next year   |                                      |                              |                |               |               |
|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |                |               |               |
| Gratuity   | <b>600.00</b>                        | 600.00                       |                |               |               |
| (viii) Amounts recognised in current year and previous four years:   |                                      |                              |                |               |               |
|  | <b>March 31, 2015</b>                | March 31, 2014               | March 31, 2013 | June 30, 2012 | June 30, 2011 |
| Defined benefit obligation   | <b>3,661.62</b>                      | 2,883.96                     | 2,968.23       | 2,493.54      | 2,246.19      |
| Plan assets  | <b>3,783.62</b>                      | 2,156.78                     | 1,302.88       | 876.95        | 466.85        |
| Surplus / (Deficit)  | <b>122.00</b>                        | (727.18)                     | (1,665.35)     | (1,616.59)    | (1,779.34)    |
| Experience adjustments   |                                      |                              |                |               |               |
| On plan liabilities  | <b>(166.77)</b>                      | (145.51)                     | (9.25)         | (143.20)      | (434.66)      |
| On plan assets   | <b>30.15</b>                         | 66.76                        | 2.74           | (18.40)       | -             |
|  | <b>As at<br/>March 31, 2015</b>      | As at<br>March 31, 2014      |                |               |               |
| (c) Provision for Leave encashment   |                                      |                              |                |               |               |
| Opening balance  | <b>1,812.96</b>                      | 1,679.20                     |                |               |               |
| Charge during the year   | <b>955.08</b>                        | 528.58                       |                |               |               |
| Amount paid during the year  | <b>(787.90)</b>                      | (394.82)                     |                |               |               |
| Closing balance [Disclosed under Long-term provisions (Refer note 6) and Short-term provisions (Refer note 9)]   | <b>1,980.14</b>                      | 1,812.96                     |                |               |               |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 31. Employee Stock Option Scheme

(a) Nature and extent of employee share-based payment plans that existed during the year:

#### i. Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | -                            | 42,125  |
| Granted during the year     | -                            | -   |
| Exercised during the year   | -                            | -   |
| Cancelled during the year   | -                            | (42,125)  |
| Balance unexercised options | -                            | -   |

#### ii. Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. During the year ended June 30, 2011, the Company has extended the vesting period from two years to seven years. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. No options have been granted under the scheme at below market price and consequently, there is no compensation cost in the current year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | 411,707                      | 412,986   |
| Granted during the year     | -                            | -   |
| Exercised during the year   | (15,118)                     | -   |
| Cancelled during the year   | (25,564)                     | (1,279)   |
| Balance unexercised options | 371,025                      | 411,707   |

#### iii. Plan V

The Company introduced a new scheme in 2008 for granting 1,500,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Nomination & Remuneration Committee ("Committee") and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the financial year ended June 31, 2011, 50,000 options were granted at price less than the market price. There is no compensation cost in the current year, as the cost of discounted options has been charged off in earlier years.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | 673,514                      | 853,514   |
| Granted during the year     | -                            | -   |
| Exercised during the year   | (91,575)                     | -   |
| Cancelled during the year   | (273,000)                    | (180,000)                                       |
| Balance unexercised options | 308,939                      | 673,514   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### iv. Plan VI

The Company introduced a new scheme in 2010 for granting 2,000,000 stock options to the employees, each option representing one equity share of the Company. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015, 256,957 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 96.06, out of which ₹ 82.67 have been charged to the subsidiaries based on the employees where they are employed and balance of ₹ 13.39 have been charged to the statement of profit and loss during the current year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | 1,892,300                    | 1,123,800                                       |
| Granted during the year     | 326,957                      | 1,003,750                                       |
| Exercised during the year   | (279,299)                    | (6,500)   |
| Cancelled during the year   | (624,519)                    | (228,750)                                       |
| Balance unexercised options | <u>1,315,439</u>             | <u>1,892,300</u>                                |

### v. Plan VII

The Company introduced a new scheme in 2013 for granting 2,500,000 stock options to its employees, employees of its subsidiaries and its Independent Directors, each option giving a right to apply for one equity share of the Company on its vesting. The exercise price as may be determined by the Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within seven years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. During the year ended March 31, 2015, 46,373 options have been granted under the scheme at below market price. Consequently, the amortised compensation cost for the exercisable options is ₹ 35.69. The entire cost have been charged to the subsidiaries based on the employees where they are employed and Rs. Nil have been charged to the statement of profit and loss during the current year.

|                             | Year ended<br>March 31, 2015 | (No of Options)<br>Year ended<br>March 31, 2014 |
|-----------------------------|------------------------------|---|
| Opening Balance             | -                            | -   |
| Granted during the year     | 1,069,373                    | -   |
| Exercised during the year   | -                            | -   |
| Cancelled during the year   | (172,000)                    | -   |
| Balance unexercised options | <u>897,373</u>               | <u>-</u>  |

- (b) The Company has adopted the intrinsic value method as permitted by the SEBI Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of stock options granted.

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees stock options been recognised based on the fair value at the date of grant in accordance with Black Scholes model.

|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Profit after taxation  | 7,438.75                     | 2,697.11                     |
| Less : Employee stock compensation expenses based on fair value    | (90.18)                      | (36.49)                      |
| Add: Employee stock compensation expenses based on intrinsic value | 13.39                        | -                            |
| Profit after taxation as per Fair value method                     | 7,361.96                     | 2,660.62                     |
| Basic Earning per share (EPS)                                      |                              |                              |
| Number of shares   | 22,320,332                   | 22,207,426                   |
| <b>Basic EPS as reported (₹)</b>                                   | <b>Rs. 33.33</b>             | Rs. 10.98                    |
| Proforma Basic EPS (₹)   | Rs. 32.98                    | Rs. 10.83                    |
| <b>Diluted Earning per share (EPS)</b>                             |                              |                              |
| Number of shares   | 23,427,089                   | 23,070,639                   |
| Diluted EPS as reported (₹)  | ₹ 31.75                      | Rs. 10.84                    |
| Proforma Diluted EPS (₹)   | ₹ 31.43                      | Rs. 10.70                    |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) Stock options exercised during the year :

|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|--|--------------------------------------|------------------------------|
| No. of options exercised during the year                 | <b>385,992</b>                       | 6,500                        |
| Weighted average share price at the date of exercise (₹) | <b>144.77</b>                        | 138.80                       |

(d) For stock options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life (Vesting period + exercise period)

|                                    | <b>Options<br/>Outstanding</b> | <b>Weighted<br/>Average Exercise<br/>Price (₹)</b> | <b>Weighted Average<br/>remaining<br/>Contractual Life<br/>(years)</b> |
|------------------------------------|--------------------------------|--|--|
| <b>As at March 31, 2015</b>        |                                |  |  |
| <b>Range of Exercise Price (₹)</b> |                                |  |  |
| <b>0 - 150</b>                     | <b>1,416,401</b>               | <b>111.51</b>                                      | <b>7.19</b>  |
| <b>151- 250</b>                    | <b>998,600</b>                 | <b>186.23</b>                                      | <b>8.09</b>  |
| <b>250 - 350</b>                   | <b>457,775</b>                 | <b>295.24</b>                                      | <b>3.01</b>  |
| <b>Above 350</b>                   | <b>20,000</b>                  | <b>376.00</b>                                      | <b>4.41</b>  |
| <b>Total</b>                       | <b>2,892,776</b>               | <b>168.21</b>                                      | <b>6.82</b>  |
| <b>As at March 31, 2014</b>        |                                |  |  |
| <b>Range of Exercise Price (₹)</b> |                                |  |  |
| 0 - 150                            | 2,141,271                      | 125.12   | 7.71   |
| 151- 250                           | 300,920                        | 208.76   | 7.28   |
| 250 - 350                          | 390,330                        | 298.28   | 3.99   |
| Above 350                          | 145,000                        | 376.79   | 5.41   |
| Total                              | 2,977,521                      | 168.53   | 7.07   |

(e) Information on stock options granted during the year :

|  | <b>Year ended<br/>March 31, 2015</b>                                    | Year ended<br>March 31, 2014 |
|--|---|------------------------------|
| No. of options granted during the year                 | <b>1,396,330</b>  | 1,003,750                    |
| Option Pricing model used                              | Market price as defined by SEBI /<br>Discounted price as per the scheme |                              |
| Weighted average share price (₹)                       | <b>182.74</b>   | 136.09                       |
| Exercise Price (₹)                                     | <b>145.31</b>   | 137.01                       |
| Expected volatility (%)                                | <b>47.80%</b>   | 48.98%                       |
| Option life (Vesting period + Exercise period) (Years) | <b>6.00</b>   | 6.00                         |
| Dividend yield (%)                                     | <b>2.48%</b>  | 2.21%                        |
| Risk free interest rate (%)                            | <b>8.74%</b>  | 7.81%                        |

The risk free interest rates are determined based on the zero-coupon yield curve for government securities. The volatility is determined based on annualized standard deviation of stock price on NSE over the time to maturity of the option. The expected dividend yield is based on the average dividend yields for preceding seven years.

(f) Effect of share-based payment plan on the Balance Sheet and Statement of Profit and Loss :

|   | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|---|--------------------------------------|------------------------------|
| Expense arising from employee share-based payment plan    | <b>13.39</b>                         | -                            |
| Employee stock options outstanding account (Refer note 4) | <b>131.75</b>                        | -                            |

### 32. Leases

#### (i) Operating leases

|  | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
|--|---------------------------------|-------------------------|
| (a) Future minimum lease payments under non-cancellable operating leases (in respect of properties): |                                 |                         |
| Due within one year  | <b>28.18</b>                    | 30.40                   |
| Due later than 1 year but not later than 5 years   | <b>16.44</b>                    | 30.40                   |
| Total minimum lease payments   | <b>44.62</b>                    | 60.80                   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| (b) Operating lease rentals recognised in the Statement of Profit and Loss (Refer note 27)  | 127.40                       | 114.25                       |
| (c) Description of significant operating lease arrangements:<br>The Company has given refundable interest free security deposits under the lease agreements.<br>All agreements contain provision for renewal at the option of either party.<br>All agreements provide for restriction on sub lease. |                              |                              |

### (ii) Finance leases

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Total minimum finance lease payments outstanding (in respect of vehicles): |                         |                         |
| Due within one year  | 66.42                   | 75.99                   |
| Due later than 1 year but not later than 5 years                           | 96.62                   | 164.02                  |
| Total minimum lease payments   | 163.04                  | 240.01                  |
| Less: Interest not due   | (27.82)                 | (51.56)                 |
| Present value of net minimum lease payments                                | 135.22                  | 188.45                  |
| Disclosed under:   |                         |                         |
| Long-term borrowings (Refer note 5)  | 85.66                   | 135.42                  |
| Other current liabilities (Refer note 8)                                   | 49.56                   | 53.03                   |
|  | 135.22                  | 188.45                  |

### 33. Income Taxes

- (a) In accordance with the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). Payments under MAT can be carried forward and set off against future tax liability for a period of ten years. Accordingly, a sum of ₹ 2,694.26 (Previous year ₹ 3,100.53) has been carried forward and shown under 'Long-term loans and advances' (Refer note 13).
- (b) The Company had received tax demands aggregating to ₹ 2,835.05 (including interest of ₹ 853.09) primarily on account of transfer pricing issues for the assessment years 2006-07 to 2011-12. For the assessment year 2006-07 and assessment year 2007-08, the second appellate authority (the Income Tax Appellate Tribunal) has allowed these issues in favour of the company and the income tax authorities have filed an appeal with the Honourable High Court. For the assessment years 2008-09 and assessment year 2009-10, the first appellate authority (the Commissioner of Income tax (Appeals)) has allowed most of these issues in favour of the company. For the assessment years 2010-11 and 2011-12 the matter is pending before the first appellate authority (the Commissioner of Income tax (Appeals)).

Considering the facts, materiality and favourable order of the second appellate authority for assessment years 2006-07 and 2007-08 and the first appellate authority for 2008-09 and 2009-10, the management believes that the final outcome of majority of the above disputes for the remaining years should be in favour of the Company and there should not be any material impact on the financial statements.

### 34. Derivative Financial Instruments

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to hedge against foreign currency exposures relating to highly probable forecast transactions. The Company does not enter into any derivative instruments for trading or speculative purposes. The counter party is generally a bank. These contracts are for a period between one day and two years.

The following "sell" foreign exchange forward contracts are outstanding as at :

|   | Foreign Currency (FC) | March 31, 2015   |   |  | March 31, 2014   |   |  |
|---|-----------------------|------------------|---|--|------------------|---|--|
|   |                       | No. of Contracts | Amount of Forward Contracts (FC in Lakhs) | Amount of Forward Contracts (₹ in Lakhs) | No. of Contracts | Amount of Forward Contracts (FC in Lakhs) | Amount of Forward Contracts (₹ in Lakhs) |
| a | USD                   | 50               | 229.80                                    | 15,460.96                                | 70               | 238.10                                    | 15,340.05                                |
| b | GBP                   | 52               | 158.40                                    | 17,066.17                                | 69               | 123.60                                    | 12,860.90                                |
| c | CAD                   | -                | -   | -  | 1                | 2.50                                      | 141.06                                   |

Mark-to-Market (gains) / losses

|  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Mark-to-Market losses provided for   | -                       | 6.81                    |
| Mark-to-Market (gains) reported in hedging reserve account (Refer note 4)                  | (1,880.91)              | (31.20)                 |
| Mark-to-Market (gains) / losses (net)  | (1,880.91)              | (24.39)                 |
| Classified as Other non-current assets (Refer note 14)                                     | (309.58)                | (26.46)                 |
| Classified as (Other current assets) (Refer note 19) / Short term provision (Refer note 9) | (1,571.33)              | 2.07                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

### 35. Related Party Disclosures

#### A. Enterprises where control exists

Subsidiaries / step down subsidiaries - wholly owned, except as indicated: Majesco (Formerly - MajescoMastek), USA (83.50% held by the Company); Mastek UK Ltd., UK; Mastek Asia Pacific Pte. Ltd., Singapore; Majesco Sdn. Bhd., Malaysia (Formerly - Mastek MSC Sdn. Bhd.); Majesco Canada Limited, Canada (Formerly - MajescoMastek Canada Limited); Majesco (Thailand) Co. Ltd., Thailand (Formerly - Mastek MSC (Thailand) Co. Ltd.); Majesco Software and Solutions Inc., USA (Formerly - MajescoMastek Insurance Software and Solutions Inc.), Vector Insurance Services LLC, USA (Merged with Majesco USA w.e.f March 5, 2015), Minefields Computers Limited, India (99.99% held by the Company) and Majesco Software and Solutions India Private Limited, India.

#### B. Other related parties with whom the Company had transactions during the year

Key Management Personnel:

|  |
|--|
| Sudhakar Ram                                 |
| Radhakrishnan Sundar                         |
| Vinay Rajadhyaksha (up to August 13, 2014)   |
| Stefan Van Overtveldt (up to April 30, 2014) |
| Farid Kazani                                 |
| Kalpana Jaishankar (up to March 31, 2015)    |

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on March 31, 2015, including names of the related parties comprising more than 10% of the total transactions / balances of the same type :

#### (a) The Company has entered into transactions with the following related parties:

|   | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|---|--------------------------------------|------------------------------|
| i. Information Technology Services                                  |                                      |                              |
| Mastek (UK) Limited   | <b>43,093.75</b>                     | 35,780.25                    |
| Majesco Software and Solutions Inc.                                 | <b>15,481.99</b>                     | 13,280.70                    |
| Others  | <b>2,828.08</b>                      | 3,461.27                     |
| ii. Other Operating Revenue - Secondment fees                       |                                      |                              |
| Majesco (Thailand) Co. Ltd.   | <b>7.53</b>                          | 41.78                        |
| Majesco Software and Solutions Inc.                                 | <b>138.86</b>                        | 163.56                       |
| Majesco   | <b>77.98</b>                         | 99.05                        |
| Majesco Sdn. Bhd.   | <b>65.59</b>                         | 3.45                         |
| Others  | <b>52.79</b>                         | 31.56                        |
| iii. Dividend from subsidiary                                       |                                      |                              |
| Mastek (UK) Limited   | <b>820.88</b>                        | 1,143.67                     |
| iv. Other income - Miscellaneous income                             |                                      |                              |
| Majesco   | <b>12.71</b>                         | -                            |
| Minefields Computers Limited  | <b>1.80</b>                          | -                            |
| Others  | <b>0.28</b>                          | -                            |
| v. Reimbursable expenses recovered on employee stock option schemes |                                      |                              |
| Mastek (UK) Limited   | <b>71.23</b>                         | -                            |
| Majesco Software and Solutions Inc.                                 | <b>40.29</b>                         | -                            |
| Majesco (UK) Limited  | <b>6.84</b>                          | -                            |
| vi. Other reimbursable expenses recovered from                      |                                      |                              |
| Mastek (UK) Limited   | <b>1,177.71</b>                      | 437.27                       |
| Majesco Software and Solutions Inc.                                 | <b>167.45</b>                        | 172.18                       |
| Majesco   | <b>133.06</b>                        | 78.31                        |
| Others  | <b>48.48</b>                         | 17.19                        |
| vii. Total remuneration to key management personnel                 |                                      |                              |
| Sudhakar Ram  | <b>119.40</b>                        | 124.20                       |
| Radhakrishnan Sundar  | <b>27.28</b>                         | 27.28                        |
| Vinay Rajadhyaksha  | <b>212.59</b>                        | 168.58                       |
| Stefan Van Overtveldt   | <b>227.05</b>                        | 475.69                       |
| Farid Kazani  | <b>178.89</b>                        | 109.76                       |
| Kalpana Jaishankar  | <b>112.91</b>                        | 49.46                        |
| viii. Employee stock option plan exercise price paid by             |                                      |                              |
| Vinay Rajadhyaksha  | <b>108.00</b>                        | -                            |
| Farid Kazani  | <b>68.40</b>                         | -                            |
| Kalpana Jaishankar  | <b>46.15</b>                         | -                            |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

| (b) Balances :  | <b>As at<br/>March 31, 2015</b> | As at<br>March 31, 2014 |
|---|---------------------------------|-------------------------|
| i. Trade Receivables  |                                 |                         |
| Mastek (UK) Limited   | <b>3,944.65</b>                 | 1,944.95                |
| Majesco Software and Solutions Inc.   | <b>1,264.21</b>                 | 444.67                  |
| Majesco (UK) Limited  | <b>638.74</b>                   | -                       |
| Others  | <b>201.59</b>                   | 367.19                  |
| ii. Unearned revenue  |                                 |                         |
| Majesco Software and Solutions Inc.   | -                               | 1,833.40                |
| iii. Reimbursable expenses receivable   |                                 |                         |
| Majesco Software and Solutions Inc.   | <b>30.12</b>                    | 18.21                   |
| Mastek (UK) Limited   | <b>682.41</b>                   | 11.60                   |
| Others  | <b>1.36</b>                     | 9.35                    |
| iv. Accrued revenue   |                                 |                         |
| Majesco (Thailand) Co. Ltd.   | -                               | 199.48                  |
| v. Corporate guarantees issued / Standby letter of credit given on behalf of subsidiaries |                                 |                         |
| Majesco   | <b>2,793.75</b>                 | -                       |
| vi. Purchase of Equity shares in subsidiaries   |                                 |                         |
| Majesco   | <b>3,024.79</b>                 | -                       |
| Minefields Computers Limited  | <b>5.00</b>                     | -                       |
| vii. Proceeds from sale of shares in subsidiaries   |                                 |                         |
| Majesco Canada Limited (sold to Majesco)  | <b>439.47</b>                   | -                       |
| Majesco Sdn. Bhd. (sold to Majesco)   | <b>2,042.94</b>                 | -                       |

### 36. Segment reporting

The Company has presented data relating to its segments in its consolidated financial statements which are presented in the same annual report as Mastek Limited. In terms of provisions of Accounting Standard (AS) 17 – 'Segment Reporting', no disclosures related to segments are therefore presented in these stand-alone financial statements.

### 37. Micro, Small and Medium Enterprises

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or on balance brought forward from previous year.

### 38. Other disclosures

- The Company is engaged in the development of computer software and other software related services. Considering the nature of business, certain details required under the revised schedule VI are not applicable, to the Company.
- Value of Imports on C.I.F. basis

|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|--|--------------------------------------|------------------------------|
| Capital goods  | <b>742.69</b>                        | 677.10                       |
| c. Expenditure in foreign currency (Including expenditure incurred by the Company's overseas branch) |                                      |                              |
| Salaries, wages and performance incentives   | <b>12,276.78</b>                     | 9,843.42                     |
| Travelling and conveyance  | <b>938.43</b>                        | 879.54                       |
| Consultancy charges  | <b>12,974.92</b>                     | 9,710.82                     |
| Professional fees  | <b>23.21</b>                         | 22.77                        |
| Advertisement and publicity  | <b>3.91</b>                          | 2.25                         |
| Communication charges  | <b>56.12</b>                         | 38.26                        |
| Electricity  | <b>6.20</b>                          | 7.87                         |
| Insurance  | <b>8.96</b>                          | 8.32                         |
| Printing & stationery  | <b>16.89</b>                         | 7.56                         |
| Rates and taxes  | <b>63.88</b>                         | 36.33                        |
| Recruitment and training expense   | <b>101.40</b>                        | 46.42                        |
| Rent   | <b>66.45</b>                         | 62.54                        |
| Repairs to buildings   | <b>66.67</b>                         | 52.25                        |
| Repairs : others   | <b>107.83</b>                        | 90.19                        |
| Purchase of hardware and software  | <b>298.49</b>                        | 290.87                       |
| Bank charges   | <b>0.17</b>                          | 0.31                         |
| Directors sitting fees   | <b>1.00</b>                          | -                            |
| Staff welfare expenses   | <b>967.41</b>                        | 850.80                       |
| Miscellaneous expenses   | <b>175.58</b>                        | 50.94                        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| d. Earnings in foreign exchange             |                              |                              |
| Income from information technology services | 61,998.01                    | 52,896.22                    |
| Other operating revenue - secondment fees   | 335.22                       | 339.38                       |
| Dividend from subsidiaries                  | 820.88                       | 1,143.67                     |
| Others                                      | 18.03                        | 7.71                         |

### 39. Acquisition of Minefields Computers Limited, India

During the year, the Company purchased 10,000 equity shares (including 6 equity shares purchased jointly with other shareholders) of face value of ₹ 10/- each of Minefields Computers Limited ("Minefields") for a total consideration of ₹ 1. Further, the Company has subscribed to 40,000 additional equity shares of Minefields of ₹ 10/- each for a total consideration of ₹ 4. Thus the total shareholding of the Company in Minefields at March 31, 2015 amounts to 50,000 equity shares of ₹ 10/- each for a total consideration of ₹ 5 [Refer note 11(b)].

### 40. Other than temporary decline in the value of Investment in Majesco Canada Limited, Canada

During the previous year ended March 31, 2014 based on the review of the operations and the expected cash flow of its wholly owned subsidiary, Majesco Canada Limited (Formerly - MajescoMastek Canada Limited), Canada ("MCAN"), the Management of the Company had determined and accounted an other than temporary decline in the carrying value of this investment amounting to ₹ 1,555.01 [Refer note 11(b)].

### 41. Sale of Investment in Majesco Canada Limited, Canada (formerly MajescoMastek Canada Limited, Canada)

During the year, the Company sold its entire holding of 3,500,000 equity shares of Majesco Canada Limited, Canada ("MCAN") (a wholly owned subsidiary before this sale) to Majesco, USA (a wholly owned subsidiary) for a total consideration of ₹ 439.47. This sale resulted in a gain of ₹ 439.47, as the carrying value of MCAN in the books of Mastek was reduced to nil, considering the provision for other than temporary decline in value of ₹ 1,555 made in earlier year (Refer note 40). The Gain has been included under the heading "exceptional items" in the Statement of Profit and Loss (Refer note 28).

### 42. Purchase of Investment in Majesco, USA (formerly MajescoMastek, USA)

During the year, the Company purchased 24,765,750 equity shares of Majesco, USA from Mastek (UK) Limited for a total consideration of ₹ 3,024.79 (USD 4,953 K). Subsequent to purchase, Mastek Limited holds 83.5% of Majesco and the balance 16.5% is held by Mastek (UK) Limited.

### 43. Sale of Investment in Majesco Sdn. Bhd., Malaysia (formerly Mastek MSC Sdn. Bhd., Malaysia)

During the year, the Company sold its entire holding of 11,262,000 equity shares of Majesco Sdn. Bhd., Malaysia ("MSC") (a wholly owned subsidiary before this sale) to Majesco, USA (a wholly owned subsidiary) for a total consideration of ₹ 2,042.94. This sale resulted in a gain of ₹ 599.52 to the Company which has been included under the heading "exceptional items" in the Statement of Profit and Loss (Refer note 28).

44. Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013, the Board of Directors of Mastek Limited (the "Company" or "Mastek"), in its meeting held on September 15, 2014, had approved the demerger of the Insurance Products and Services business of the Company, into a new wholly owned subsidiary, Minefields Computers Limited ("Minefields"), to be renamed as Majesco Limited ("Majesco India"), to be followed by transfer by Majesco India of the offshore insurance operations business in India to Majesco Software and Solutions India Private Limited ("MSSIPL"), a wholly owned subsidiary of Majesco Software and Solutions Inc., USA ("MSSUS"). The Appointed date of the Scheme will be April 1, 2014 or any other date as decided by the Board of Directors and the appointed date for the offshore insurance operations business transfer will be November 1, 2014 or any other date as decided by the Board of Directors – both these dates will be subject to the approval of the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat. On approval of the Scheme by the respective High Courts, Mastek shareholders will get one equity share of Majesco India for every share held in Mastek, over and above their existing Mastek shares. Majesco India is proposed to be listed on the BSE and NSE, being exchanges where Mastek is currently listed. Under the proposed restructuring, Mastek will continue with the Solutions business. The company has obtained the necessary approval for the scheme under Clause 24 (f) of the Listing Agreements with BSE and NSE from SEBI on December 9, 2014 and is in the process of obtaining requisite approval from the respective High Courts.

As the Company's Board has approved the demerger scheme of the Insurance Products and Services business (the "Transferred Undertaking") of the Company and an announcement of the same has been made, the Company has treated the Transferred Undertaking as a discontinuing operation with effect from the proposed appointed date of the scheme i.e April 1, 2014. The demerger will result in transfer of the assets and liabilities and Indian and global operations relevant to the Transferred Undertaking and the Company's investment in Majesco, USA to Minefields Computers Limited (to be renamed as Majesco Limited), the ultimate holding company of the Transferred Undertaking. The Transferred Undertaking predominately relates to the Insurance business vertical, reported under the secondary segment reporting by the Company in its consolidated financial statements. The existing shareholders of Mastek will be the shareholders of both the businesses post the demerger, through their shareholdings in two separate listed companies viz. Mastek Limited and Majesco Limited, subject to court and regulatory approvals.

The details of carrying amounts of assets and liabilities attributable to the Transferred Undertaking at the Balance Sheet date are as below:

|                   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|-------------------|-------------------------|-------------------------|
| Total assets      | 27,127.16               | 27,085.09               |
| Total liabilities | 1,987.83                | 4,312.30                |
| Net assets        | 25,139.33               | 22,772.79               |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

The revenue, expenses, pre-tax profit and the tax expense in respect of ordinary activities attributable to the Transferred Undertaking during the year are as below:

|  | <b>Year ended<br/>March 31, 2015</b> | Year ended<br>March 31, 2014 |
|--|--------------------------------------|------------------------------|
| Total revenue                                  | <b>23,247.60</b>                     | 22,098.28                    |
| Total expenses                                 | <b>21,340.74</b>                     | 20,971.06                    |
| Profit before tax                              | <b>1,906.86</b>                      | 1,127.22                     |
| Tax expense                                    | <b>647.41</b>                        | 383.14                       |
| Profit after tax from discontinuing operations | <b>1,259.45</b>                      | 744.08                       |

The net cash flows attributable to the Transferred Undertaking during the year are as below:

|                               |                 |            |
|-------------------------------|-----------------|------------|
| Operating activities          | <b>(904.93)</b> | 3,802.43   |
| Investing activities          | <b>6,893.31</b> | (5,708.76) |
| Financing activities          | <b>(14.27)</b>  | (15.64)    |
| Net cash inflows / (outflows) | <b>5,974.11</b> | (1,921.97) |

45. Previous year figures have been regrouped or reclassified wherever necessary.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
(Formerly Price Waterhouse, Firm Registration Number: 012754N)

For and on behalf of the Board

**Pradip Kanakia**  
Partner  
Membership Number: 39985

**Sudhakar Ram**  
Managing Director and Group CEO

Mumbai, April 22, 2015

**S. Sandilya**  
Non-Executive Chairman and Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary

Mumbai, April 22, 2015

## STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES

## Information relating to subsidiaries as at March 31, 2015

| Name of the Subsidiary Company  | Mastek (UK) Limited   | Majesco (UK) Limited | Majesco (UK) Limited | Majesco Software and Solutions Inc. | Majesco Canada Limited | Mastek Asia Pacific Pte Ltd. | Majesco Sdn. Bhd. | Majesco (Thailand) Co. Ltd. | Minefields Computers Limited | Majesco Software and Solutions India Private Limited |
|---|---|----------------------|----------------------|-------------------------------------|------------------------|------------------------------|-------------------|-----------------------------|------------------------------|--|
| Reporting period for the subsidiary concerned, if different from holding company's reporting period | Reporting periods of all the Subsidiaries are the same as of the Holding Company which is March 31. |                      |                      |                                     |                        |                              |                   |                             |                              |  |
| Reporting currency  | GBP   | USD                  | GBP                  | USD                                 | CAD                    | SGD                          | RM                | THB                         | INR                          | INR  |
| Exchange rate on the last date of the Financial Year in the case of foreign subsidiaries            | 92.47   | 62.5                 | 92.47                | 62.5                                | 49.033                 | 45.475                       | 16.875            | 1.92                        | INR                          | NA   |
| Share Capital   | ₹ Lakhs   | 143.84               | 1,155.88             | 1.10                                | 1,555.01               | 1,296.04                     | 1,900.46          | 134.40                      | 5.00                         | 35.00  |
| Reserves & Surplus  | ₹ Lakhs   | 17,788.21            | 40.62                | 3,439.63                            | (1,490.70)             | (1,158.45)                   | 151.27            | (661.20)                    | (3.03)                       | (11.34)  |
| Total Assets  | ₹ Lakhs   | 26,127.67            | 2,444.19             | 9,176.10                            | 1,021.83               | 158.27                       | 2,307.52          | 174.02                      | 2.89                         | 24.30  |
| Total Liabilities   | ₹ Lakhs   | 8,632.63             | 1,247.69             | 5,735.38                            | 957.52                 | 20.69                        | 255.78            | 700.81                      | 0.93                         | 0.65   |
| Investments   | ₹ Lakhs   | 3,902.27             | -                    | 1,220.36                            | -                      | -                            | 118.31            | -                           | -                            | -  |
| Turnover  | ₹ Lakhs   | 49,281.33            | 1,291.75             | 30,779.77                           | 2,146.95               | 204.60                       | 3,037.59          | 274.24                      | -                            | -  |
| Profit before Tax   | ₹ Lakhs   | 2,024.96             | (2,600.04)           | (163.02)                            | (399.05)               | 4.72                         | 58.57             | (565.99)                    | (2.96)                       | (11.34)  |
| Provision for Tax   | ₹ Lakhs   | 443.90               | (56.58)              | (154.87)                            | -                      | -                            | 15.92             | -                           | -                            | -  |
| Profit after Tax  | ₹ Lakhs   | 1,581.06             | (2,543.46)           | (8.15)                              | (399.02)               | 4.72                         | 42.65             | (565.99)                    | (2.96)                       | (11.34)  |
| Proposed Dividend   | -   | -                    | -                    | -                                   | -                      | -                            | -                 | -                           | -                            | -  |
| % shareholding  | 100%  | 100%                 | 100%                 | 100%                                | 100%                   | 100%                         | 100%              | 100%                        | 100%                         | 100%   |

Mumbai,  
April 22, 2015

**Sudhakar Ram**  
Managing Director and Group CEO

**S. Sandliya**  
Non-Executive Chairman and  
Independent Director

**Farid Kazani**  
Group CFO and Finance Director

**Bhagwant Bhargawe**  
Company Secretary



# **CORPORATE GOVERNANCE REPORT**

## CORPORATE GOVERNANCE REPORT 2014-15

### PART- I CLAUSE 49 OF LISTING GUIDELINES

Mastek's philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices, most of which were implemented before they were mandatorily prescribed by Government under the Companies Act, 2013.

Mastek always believes that sound Corporate Governance is critical for enhancing long-term shareholder value and retaining investor trust.

A Corporation is a congregation of various stakeholders, namely, customers, employees, investors, vendor partners, Government and society. A corporation should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to access global pools of capital, need to attract and retain the best human capital from various parts of the world, need to partner with vendors on mega collaborations and need to live in harmony with the community. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed.

N. R Narayana Murthy Committee has defined Corporate Governance as

"Corporate Governance is beyond the realm of law. It stems from the culture and mindset of management, and cannot be regulated by legislation alone. Corporate Governance deals with conducting the affairs of a company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. It is about openness, integrity and accountability. What legislation can and should do, is to lay down a common framework – the "form" to ensure standards. The "substance" will ultimately determine the credibility and integrity of the process. Substance is inexorably linked to the mind set and ethical standards of management."

Mastek has always strived to go beyond the statutory and regulatory requirements of Corporate Governance. Our endeavor is to follow good governance both in letter as well as in spirit.

#### A. Company's Philosophy

Corporate Governance is a set of systems and practises to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions with all its stakeholders in the widest sense. The Company's philosophy of Corporate Governance, that of timely disclosures, transparent accounting policies and a strong and Independent Board, goes a long way in preserving Shareholders' interest, while maximizing long-term shareholder value.

Corporate Governance practised at the Company is not restricted to Board of Directors. It is an approach to Sustainable Development.

#### Governance Structure

Mastek's Governance structure broadly comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable, profitable growth.

#### B. Board of Directors

##### (i) Size and Composition of the Board

The Board of the Directors of the Company has a combination of Executive and Non-Executive Independent Directors with varied professional background in the field of Information Technology, Insurance, Finance, Marketing and Strategic Management. As on March 31, 2015 the Board has 10 (ten) members, 4 (four) are promoter-directors and the rest 6 (six) are Independent Directors.

The Chairman of the Board is a Non-Executive Independent Director.

##### (ii) Managing Director & Group CEO

The Managing Director & Group CEO is in overall control & responsible for day to day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions taken by the Board of Directors and its various Committees.

##### (iii) Number of Board Meetings

During the year ended March 31, 2015, 11 (Eleven) Board Meetings were held on April 23, 2014, July 24, 2014, September 11, 2014, September 15, 2014, September 23, 2014, October 22, 2014, November 21, 2014, November 25, 2014, December 04, 2014, December 29, 2014, January 22, 2015.

##### (iv) Directors' Attendance and Directorships held

| Name of Director | Category of Directorship                        | No. of Board Meetings attended | Attendance at last AGM on July 23, 2014 | No. of other Directorship in other Companies | No. of Committees Memberships in other Companies | No. of Board Committees of Mastek on which member |
|------------------|---|--------------------------------|---|--|--|---|
| Mr. S. Sandilya  | Chairman & Non-Executive Director (Independent) | 9                              | Yes                                     | 5  | 4  | 1   |
| Mr. Sudhakar Ram | Managing Director & Group CEO (Promoter)        | 9                              | Yes                                     | Nil  | Nil  | Nil   |
| Mr. Ashank Desai | Non-Executive Director (Promoter)               | 7                              | Yes                                     | 3  | Nil  | 1   |

## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

| Name of Director          | Category of Directorship              | No. of Board Meetings attended | Attendance at last AGM on July 23, 2014 | No. of other Directorship in other Companies | No. of Committees Memberships in other Companies | No. of Board Committees of Mastek on which member |
|---------------------------|---------------------------------------|--------------------------------|---|--|--|---|
| Mr. Ketan Mehta           | Non-Executive Director (Promoter)     | 9                              | Yes                                     | 4  | Nil  | Nil   |
| Mr. Radhakrishnan Sundar  | Executive Director (Promoter)         | 7                              | Yes                                     | Nil  | Nil  | 1   |
| Dr. Rajendra Sisodia      | Non- Executive Director (Independent) | 4                              | Yes                                     | 1  | Nil  | 1   |
| Ms. Priti Rao             | Non- Executive Director (Independent) | 10                             | Yes                                     | 3  | Nil  | 1   |
| Mr. Venkatesh Chakravarty | Non-Executive Director (Independent)  | 11                             | Yes                                     | 2  | Nil  | 2   |
| Mr. Atul Kanagat          | Non-Executive Director (Independent)  | 8                              | Yes                                     | 1  | Nil  | NIL   |
| Dr. Arun Maheshwari       | Non-Executive Director (Independent)  | 7                              | Yes                                     | 2  | Nil  | 1   |

### Notes:

- None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees which is, in compliance with Clause 49 of the listing agreement. Further None of Directors act as an Independent Director in more than 7 Listed Companies.
- Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 33rd Annual General Meeting and explanatory statement, attached thereto.
- The Committees considered for the purpose of calculation of membership and/or chairmanship as discussed above are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Share Transfer, Investors Grievance and Stakeholder Relationship Committee.
- As prescribed under Section 165 of Companies Act, 2013 in calculating the no. of Directorships, Private Limited Companies which are neither a subsidiary nor a holding Company of Public Ltd. Co., have been excluded.

### Pecuniary Relationship or Transactions with Non-Executive Directors.

Mr. Ashank Desai, Non- Executive Director was provided perquisites aggregating to ₹ 234,804/- during the year ended March 31, 2015.

The Company has received an approval from the Ministry of Corporate Affairs, Government of India, New Delhi on September 19, 2013 vide their letter no. SRN B64202435 / 4 /2012 - CL-VI for reimbursement of certain benefits/perquisites to Mr. Ashank Desai against the application made to Ministry of Corporate Affairs, New Delhi for payment of certain benefits/perquisites not exceeding ₹ 15 Lakhs per annum.

### (v) Code of Conduct for Directors and Senior Management

The Company has prescribed a code of conduct for Directors and Senior Management of the Company. The said code has been posted on the Company's website.

### Profile of Board of Directors

#### 1. Mr. S. Sandilya: (DIN 00037542)

Non-Executive Chairman & Independent Director

Mr. Sandilya is a Commerce Graduate from Chennai University and holds MBA from the Indian Institute of Management, Ahmedabad and he has 40 years of professional experience. Mr. Sandilya is presently Chairman, Eicher Group. He joined Eicher Group in 1975 and has held various responsibilities in the areas of Group Finance including Information Technology, Strategic Planning, Manufacturing and General Management. Additionally, Mr. Sandilya is Director of Tube Investments of India Limited, Rane Brake Lining Limited, GMR Infrastructure Limited, Director of Lean Management Institute of India,

Member of the Board of Lean Global Network USA, Past President of Society of Indian Automobile Manufacturers and President of International Motorcycle Manufacturers Association, Geneva for the period 2012-2014.

Mr. Sandilya holds 19,500 Equity Shares in the Company.

#### 2. Mr. Sudhakar Ram: (DIN 00101473)

Managing Director & Group CEO

Mr. Sudhakar Ram is a commerce graduate and a gold medalist from Chennai University. He did his PGDM from the Indian Institute of Management, Kolkata, with a silver medal in 1982. He was conferred with the CNBC, Asia "India Business Leader of the Year" Award in December 2007. He is a co-founder of Mastek Limited.

Mr. Sudhakar Ram holds 2,791,680 shares in the Company.

#### 3. Mr. Radhakrishnan Sundar: (DIN 00533952)

Executive Director

Mr. Radhakrishnan Sundar did his B.E. in electronics from the Regional Engineering College, Trichy after which he did his PGDM from the Indian Institute of Management, Ahmedabad in 1979. He worked for two years with HCL Ltd. after which he co-founded the Company.

Mr. Radhakrishnan Sundar holds 1,445,800 shares in the Company.

#### 4. Mr. Ashank Desai: (DIN 00017767)

Non-Executive Director

Mr. Ashank Desai, is B.E. from Mumbai University and in

graduating year, held the second rank in the University. He holds a M. Tech Degree from the Indian Institute of Technology, Mumbai. He also holds Post Graduate Diploma in Business Management (PGDBM) granted by the IIM Ahmedabad, from where he graduated in 1979. He worked with Godrej and Boyce before founding the Company. He is a founder member and ex-chairman of NASSCOM and is also actively associated with several government bodies and trade associations.

Mr. Ashank Desai holds 3,099,552 shares in the Company.

5. **Mr. Ketan Mehta: (DIN 00129188 )**

Non-Executive Director

Mr. Ketan Mehta is a Commerce Graduate from Gujarat University. He holds a Management Diploma granted by the Indian Institute of Management, Ahmedabad. He worked for two years with NOCIL, after which he co-founded the Company.

Mr. Ketan Mehta holds 2,519,100 shares in the Company.

6. **Ms. Priti Rao: (DIN NO. 03352049)**

Non-Executive Director (Independent)

Ms. Rao is a postgraduate in Computer Science from Indian Institute of Technology (IIT), Mumbai.

In her 26 years of diverse experience building and delivering a range of IT services for customers located across five continents, Ms. Rao has held very senior positions with global teams for best of breed IT companies. She has had long innings with Infosys as a senior executive heading the Pune development center and heading their infrastructure services business and with Dell as vice president for global operations. She runs her own venture, Pumpkin Patch Daycare to cater to needs of young parents, who need a trusted place to keep their children and be able to focus on their careers. India lacks such world class infrastructure for a crèche, where love, safety, care are most important aspects.

Ms. Priti Rao is widely recognized as an accomplished business leader and was conferred with the prestigious "IT woman of the year award" for 2002 by the Computer Society of India.

Ms. Priti Rao holds 7,400 shares in the Company.

7. **Dr. Rajendra S. Sisodia: ( DIN 03105198)**

Non-Executive Director (Independent)

Dr. Sisodia is an electrical engineer from BITS, Pilani, India and also has MBA degree in Marketing from the Bajaj Institute of Management Studies in Mumbai and a Ph.D. in Marketing & Business Policy from Columbia University, where he was the Booz Allen Hamilton Fellow.

Dr. Sisodia is FW Olin Distinguished Professor of Global Business and Whole Foods Market Research Scholar in Conscious Capitalism at Babson College. He was previously Trustee Professor of Marketing and the Founding Director of the Center for Marketing Technology at Bentley University. He is also the Co-Founder and Co-Chairman of Conscious Capitalism Inc.

Dr. Sisodia has authored several books (including Conscious Capitalism: Liberating the Heroic Spirit of Business and Firms of Endearment: How World Class Companies Profit from Passion & Purpose) and published over 100 articles (in publications such as the Harvard Business Review, Journal of Business Strategy, Journal of Marketing, and others.)

Dr. Sisodia does holds 26994 shares in the Company.

8. **Mr. Venkatesh Chakravarty: (DIN 01102892)**

Non-Executive Director (Independent)

Mr. Chakravarty is qualified as an Associate Member of the Chartered Insurance Institute, UK (ACII, UK). He holds a Master's degree in Administrative Management from Bajaj Institute of Management Studies and a Bachelor of Arts Degree in Economics, Political Science & Sociology.

Chakravarty has more than 29 years of experience in the Insurance Industry. His experience spans across Insurance, Management Consulting, & Reinsurance. He has worked in various capacities in the Insurance industry beginning with Life Insurance Corporation of India, Eagle Star International in the Middle East and for KPMG India where he was an Associate Director, Management Consulting, responsible for Insurance practice. He joined Swiss Re Life & Health in September, 1998 as a Business Development Manager in London responsible for Life & Health business in India & Sri Lanka. He worked in Swiss Re, London for nearly a year before assuming responsibility in Swiss Re, Mumbai office. He has been the Head of Life & Health Business and a Director on the Board of Swiss Re Services India Pvt. Ltd. for more than 10 years. He resigned as a Director from Swiss Re on March 4, 2013 and has moved on to pursue personal interests.

Mr. Chakravarty does not hold any shares in the Company.

9. **Mr. Atul Kanagat: (DIN 06452489)**

Non-Executive Director (Independent)

Mr. Atul Kanagat is a B.Tech in Mechanical Engineering from Indian Institute of Technology, Powai and a MBA from Harvard Business School, Boston, Massachusetts.

Mr. Kanagat initially joined Hindustan lever Ltd., the Indian subsidiary of Unilever. He spent two years as Management Trainee doing assignments in multiple functions of the company. He then spent a year as Materials Manager for Hindustan lever Ltd's Calcutta Manufacturing complex.

After completing his MBA at Harvard, in 1982, Mr. Kanagat joined McKinsey & Company in Chicago. He was elected as Partner in 1988, Director in 1994 and thereafter as Managing Director during the period 1995 to 2003.

During the period 1996 to 2003, Mr. Kanagat was a Member of the Boards of the following institutions:

- Seattle Symphony
- Fred Hutch Cancer Research Center
- Greater Seattle Chamber of Commerce

During the period 2003 to 2009, Mr. Kanagat was also on the Board of Liberty Science Center in Jersey City.

During the period 2010 to 2011, Mr. Kanagat worked for Harman International as Vice President- Strategy & Mergers & Acquisition.

Mr. Kanagat does not hold any shares in the Company.

10. **Dr. Arun Maheshwari: (DIN 01682147)**

Non-Executive Director (Independent)

Dr. Arun Maheshwari studied at IIM, Calcutta, before leaving for the US in 1967 for further studies. Dr. Maheshwari has a Master's degree in Computer Science from Stanford University, an MBA from Columbia University and a Ph.D. from Wharton School of Business. Dr. Maheshwari taught at Wharton, Temple University's Fox School of Business, and NYU's Stern School while working on his Ph. D. degree.

Dr. Maheshwari returned to India in 1974 after his education in USA and joined Tata Consultancy Services (TCS), as a senior executive responsible for marketing, software development, and management consulting. Dr. Maheshwari was TCS's first head of marketing / business development. After about three years, he decided to migrate to the USA and joined McKinsey, in New York in 1977. At McKinsey, he specialized in strategy and information technology studies, many of them in the Insurance industry. In 1981, Dr. Maheshwari moved from McKinsey to Reliance Insurance in Philadelphia, and then to Continental Insurance (now CNA), as a senior information technology executive. Dr. Maheshwari obtained CPCU (Property Casualty Certification) and FLMI Part I (Life Certification) while working at Continental Insurance.

In 1996, Dr. Maheshwari started CSC India from scratch. CSC India grew rapidly under his leadership and received many awards, including best employer in India. CSC India had more than 4,000 employees and customers in 25 countries when Dr. Maheshwari left it. The foundation built by him continued to support rapid growth of CSC India, and today it has about 25,000 employees. Dr. Maheshwari next started Fiserv Global Services Group in 2005. Fiserv Global Services grew rapidly to more than 2,000 employees in two years. Dr. Maheshwari retired at the end of 2009.

Dr. Maheshwari is currently associated with First Mark private equity group. He has served as a Board member for Duck Creek Technologies and is currently a Board member of Eagle Eye Analytics, where he acted as an interim CEO when the CEO had a heart attack and left suddenly. Dr. Maheshwari is a director of Fortegra, a NYSE listed insurance company. Dr. Maheshwari is active in technology investment through his personal fund RisingSun Ventures and in real estate investment through his firm Infinite Realty Ventures.

Dr. Arun Maheshwari holds 89,584 shares in the Company.

**C. COMMITTEES OF THE BOARD :**

**MANDATORY COMMITTEES:**

**1. Audit Committee**

**(i) Terms of Reference**

The terms of reference of the Audit Committee are as follows:

- (a) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommend the appointment and removal of the statutory auditors, fix Audit fees/ Remuneration and other terms of appointment and also grant approval for payments for services other than those specifically prohibited under the Companies Act, 2013.
- (c) Review and monitor Auditors' independence and performance and effectiveness of the Audit process.
- (d) Review/Examination of the financial statements with the management before submission to the Board along with Report of Auditor's thereon, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on the exercise of judgment by management.
  - Qualifications in the draft audit report.

- Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions, i.e., Approval or any subsequent modification of related party transactions of the Company.
- (e) Review with the management, external and internal auditors the adequacy of internal control systems.
  - (f) Discuss with internal auditors any significant findings and follow-up action.
  - (g) Review with the management the quarterly financial statements before submission to the Board for approval.
  - (h) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or failure of internal control systems of a material nature and report the matter to the Board.
  - (i) Discuss with external auditors before the audit commences about the nature and scope of audit and have post-audit discussion to ascertain any area of concern.
  - (j) Review the Company's Internal financial Control and Risk Management Systems/policies.
  - (k) Look into the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in the case of non-payment of declared dividends) and creditors.
  - (l) Review the functioning of the Whistle-Blower mechanism.

The minutes of the Audit Committee are circulated to the Board of Directors. The Chairman of the Audit Committee apprises the Board on the recommendations made by the committee. Further, at the beginning of the financial year, the Committee prepares fresh plans for the internal audit. It discusses the areas covered by the internal audit and recommends the scope of audit for the current year. The Committee reviews the performance of the internal and external auditors and advises the Board on the re-appointment of internal and statutory auditors.

In compliance with Clause 49 of the Listing agreement, the Independent Directors of the Company had four separate meetings with Price Waterhouse Chartered Accountants LLP - Statutory Auditors of the Company. They also met internal auditors once during the year.

**(ii) Composition**

Mastek has an Audit Committee that currently comprises of three Independent directors and a Non-Executive promoter director. The Independent Directors are accomplished professionals from the corporate fields. The Group CFO and Finance Director and the Chief Financial Officer of the Company attend the meetings on invitation. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2015 the Committee met 6 times on April 23, 2014, July 24, 2014, September 15, 2014, October 22, 2014, November 21, 2014, and January 22, 2015. The attendance of the members at the meetings is stated below:

| Name of Member           | Status   | No. of Meetings attended Meetings |
|--------------------------|----------|-----------------------------------|
| Mr. S. Sandilya          | Chairman | 5                                 |
| Mr. Ashank Desai         | Member   | 5                                 |
| Ms. Priti Rao            | Member   | 6                                 |
| Mr.Venkatesh Chakravarty | Member   | 6                                 |

The meetings are attended by Internal Auditors and Statutory Auditors. The Committee's observations are followed up with the respective departments and the follow-up actions are reported to the Committee at the subsequent committee meetings. The Committee, along with the statutory auditors, reviews the quarterly, half-yearly and annual results at the Audit Committee meetings before recommending them to the Board of Directors.

**2. Share Transfer, Investor Grievances and Stakeholders Relationship Committee**

**(i) Terms of Reference**

- Consider and resolve the grievances of Equity Share holders of the Company.
- Approve allotment of shares on exercise of options by Employees under various ESOP Schemes, subject to completion of all necessary formalities.

**(ii) Composition**

The Chairman of the Committee is Mr. Venkatesh Chakravarty. Other members are Mr. Radhakrishnan Sundar, Dr. Rajendra Sisodia and Dr. Arun Maheshwari. The Company Secretary is the Secretary of the Committee.

The Committee meets periodically to review grievances of Investors/ Shareholders and to consider requests for share transfer/ transmission, allotment of shares etc.

During the year ended March 31, 2015 the Committee met 10 times on April 23, 2014, June 13, 2014, June 30, 2014, July 24, 2014, August 28, 2014, October 22, 2014, December 29, 2014, January 21, 2015 March 18, 2015 and March 31, 2015. The attendance of the members at the meetings is stated below:

| Name of Member            | Status   | No. of Meetings attended |
|---------------------------|----------|--------------------------|
| Mr. Venkatesh Chakravarty | Chairman | 8                        |
| Mr. Radhakrishnan Sundar  | Member   | 10                       |
| Dr. Arun Maheshwari       | Member   | 5                        |
| Dr. Rajendra Sisodia      | Member   | 4                        |

**3. Corporate Social Responsibility Committee (CSR)**

The Company has constituted CSR Committee as required under Section 135 of the Companies Act, 2013.

**(i) Terms of reference**

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by

the Company as specified in Schedule VII of the Companies Act, 2013.

- Recommend the amount of expenditure to be incurred on the activities.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

**(ii) Composition**

The Chairperson of the Committee is Ms. Priti Rao. The other members are Dr. Rajendra Sisodia, Mr. Sudhakar Ram and Mr. Ashank Desai. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2015 the Committee met four times on April 23, 2014, July 24, 2014, October 21, 2014 and January 21, 2015. The attendance of the members at the meeting is stated below:

| Name of the Member   | Status      | No. of Meetings attended |
|----------------------|-------------|--------------------------|
| Ms. Priti Rao        | Chairperson | 4                        |
| Dr. Rajendra Sisodia | Members     | 3                        |
| Mr. Sudhakar Ram     | Members     | 4                        |
| Mr. Ashank Desai     | Members     | 4                        |

**4. Nomination and Remuneration Committee**

**(i) Terms of reference**

- To identify the persons who are qualified to become Director, or who may be appointed in senior management of the Company.
- To lay down criteria's for the Company's nomination process for the above positions and oversee the implementation thereof.
- To finalize and recommend to Board the terms of remuneration for Directors, Senior Management, Key Managerial personnel & other senior employees of the organization.
- To review all documents pertaining to candidates and conduct evaluation of candidates in accordance with a process and if deemed fit and appropriate, do the recommendation for the nomination to the Board or for the senior management of the Company and their removal, if any.
- To decide and formulate detailed terms and conditions of the Employees Stock Option Plan, governed by the guidelines issued by SEBI in June 1999 and as amended from time to time.
- To finalize the stock options to be granted to the employees of the Company under the scheme & finalization of incentive plan for the employees of the Company.
- To recommend the compensation structure of the Directors and KMP's to the Board
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To recommend the amount of Incentives to be paid to MD & Group CEO
- To fix the sitting fees for Directors & Non for attending Board as well as Committee Meetings.



- ensure that—
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

**(ii) Composition**

The Chairman of the Committee is Mr. Atul Kanagat. The other members are Mr. S. Sandilya, Mr. Ketan Mehta and Dr. Rajendra Sisodia.

During the year ended on March 31, 2015 the Committee met six times on April 23, 2014, May 23, 2014, July 24, 2014, September 15, 2014, October 21, 2014, January 21, 2015. The attendance of the members at the meetings is stated below:

| Name of Member       | Status   | No. of Meetings attended |
|----------------------|----------|--------------------------|
| Mr. Atul Kanagat     | Chairman | 5                        |
| Mr. S. Sandilya      | Member   | 6                        |
| Mr. Ketan Mehta      | Member   | 5                        |
| Dr. Rajendra Sisodia | Member   | 4                        |

**5. Independent Directors' Meeting**

During the year under review, the Company arranged Independent Directors' meetings on April 23, 2014, July 24, 2014, October 22, 2014 and January 22, 2015, inter alia to discuss:

- To discuss financials of Company
- To take into account views of Executive & Non-Executive Directors
- To discuss timelines for flow of information between Management & Board to enable the Board to perform duties effectively & reasonably.
- Evaluation & Performance of Board as whole.
- Evaluation of Performance of Managing Director & Group CEO of Company taking into account the views of Executive & Non-Executive Directors.

**NON-MANDATORY COMMITTEES:**

**6. Governance Committee**

**(i) Terms of reference**

- To develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company, to review these principles periodically and to monitor compliance with those principles.
- To review and approve new policies relating to corporate governance and to review current policies and practices and recommend improvements.
- To develop norms for evaluation of the Board of Directors.
- To recommend the areas of training needed for

Board members.

**(ii) Composition**

The Chairman of the Committee is Mr. Ashank Desai. The other members are Mr. Ketan Mehta, Ms. Priti Rao and Mr. Radhakrishnan Sundar. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2015 the Committee met 4 times on April 23, 2014, July 24, 2014, October 21, 2014 and January 21, 2015. The attendance of the members at the meetings is stated below:

| Name of Member           | Status   | No. of Meetings attended |
|--------------------------|----------|--------------------------|
| Mr. Ashank Desai         | Chairman | 4                        |
| Mr. Ketan Mehta          | Member   | 3                        |
| Ms. Priti Rao            | Member   | 4                        |
| Mr. Radhakrishnan Sundar | Member   | 4                        |

**7. Corporate Directions Committee**

The Board of Directors of the Company has Corporate Directions Committee. It has the following members:

1. Dr. Arun Maheshwari - Chairman
2. Mr. Atul Kanagat
3. Mr. Ketan Mehta
4. Mr. Sudhakar Ram

**Terms of reference**

- To establish Vision, Mission, Values.
- To formulate 5 year strategic direction and goals of the Company for consideration and approval of the Board.

**D. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee has a policy which deals with the manner of selection of Board of Directors and Key Managerial Personnel (KMP) and their remuneration.

**1. Criteria of selection of Non-Executive Directors**

- Non-Executive Independent Directors are expected to bring in objectivity and independence during Board deliberations around the Company's Strategic approach, performance and risk management. They must also ensure very high standards of financial probity and corporate governance.
- The Independent Directors are also expected to commit and allocate sufficient time to meet the expectations of their role as Non-Executive Independent Directors, to the satisfaction of the Board.
- Conflict of Interest: The Independent Directors are not to involve themselves in situations which directly or indirectly may conflict with the interests of the Company. It is accepted and acknowledged that they may have business interests, other than those of the Company. As a pre-condition to their appointment as Independent Directors, they shall be required to declare any such conflicts to the Board, in writing in the prescribed format, at the time of their appointment.
- Each Independent Director is issued appointment letter with clear guidelines on their roles, duties and responsibilities as Independent Directors. The key elements in which every Independent Director will be



## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

expected to contribute are : Strategy, Performance, Risk, People, Reporting and Compliance.

### 2. Remuneration Policy for the KMPs

I. In determining the remuneration of KMPs, the N & R Committee shall ensure / consider the following:

- While fixing the remuneration for KMPs, the Company shall consider industry benchmarks and the competence of the persons and ensure that the level and composition of the remuneration is reasonable and sufficient to attract, retain and motivate them.
- The compensation structure of KMPs will be benchmarked with industry salary trends and will have components of fixed/base salary as well as variable pay. The variable pay will be linked to business performance parameters, as separately outlined in a Variable Pay Plan document.

### 3. Remuneration of Directors

- While fixing the remuneration for KMPs, the Company shall consider industry benchmarks and the competence of the persons and ensure that the level and composition of the remuneration is reasonable and sufficient to attract, retain and motivate them.
- The sitting fees for the Independent Directors and Non-Executive Directors is fixed at ₹ 20,000/- (Rupees Twenty thousand only) per meeting of the Board and ₹ 10,000/- (Rupees Ten thousand only) per meeting, if the Director is also a member of the Audit Committee and attends them.
- The Independent Directors may be paid remuneration by way of Commission based on the Net Profits of the Company, subject to a maximum of one percent (1%) of the Net Profit of the Company, as may be approved by the Board and the Shareholders, from time to time.

The Board of Directors decides and approves the remuneration of Non-Executive Directors.

Details of Remuneration of Non-Executive Directors for the ended March 31, 2015 are stated below:

| Name                      | Perquisites (₹) | Sitting Fees (₹) | Commission (₹) | Total (₹)  |
|---------------------------|-----------------|------------------|----------------|------------|
| Mr. Ashank Desai          | 234,804/-       | 170,000/-        | NIL            | 404,804/-  |
| Ms. Priti Rao             | NIL             | 240,000/-        | NIL            | 240,000/-  |
| Dr. Rajendra Sisodia      | NIL             | 60,000/-         | NIL            | 60,000/-   |
| Mr. Venkatesh Chakravarty | NIL             | 240,000/-        | NIL            | 2,40,000/- |
| Mr. S. Sandilya           | NIL             | 210,000/-        | NIL            | 2,10,000/- |
| Mr. Atul Kanagat          | NIL             | 40,000/-         | NIL            | 40,000/-   |
| Dr. Arun Maheshwari       | NIL             | NIL              | NIL            | NIL        |
| Total                     | 234,804/-       | 960,000/-        | NIL            | 1,194,804  |

Criteria of payment of remuneration by way of commission to Non- Executive Directors:-

Subject to availability of profits, calculated under Section 197 read with Section 198 of the Companies Act, 2013, Non-Executive Directors of the Company may also be entitled to commission and the same will be paid as per the following remuneration structure:

1. 50 %- Fixed.

2. 50%- Variable, based on the number of Board meetings attended.

The total remuneration paid to all Non- Executive Directors will have an upper limit of 1% of net profit of the Company.( Sitting fees are excluded in the above calculation)

Number of options/equity shares held by Independent Directors as on March 31, 2015:

| Name of Director          | No. of Options granted | No. of Equity Shares held |
|---------------------------|------------------------|---------------------------|
| Ms. Priti Rao             | 29,600                 | 7,400                     |
| Dr. Rajendra Sisodia      | 26,944                 | 26,994                    |
| Mr. Venkatesh Chakravarty | 26,900                 | Nil                       |
| Mr. S. Sandilya           | 26,000                 | 19,500                    |
| Mr. Atul Kanagat          | 24,600                 | Nil                       |
| Dr. Arun Maheshwari       | NIL                    | 89,584                    |

Number of equity shares held by other Non-Executive Directors as on March 31, 2015

| Name of the Director | Number of Shares |
|----------------------|------------------|
| Mr. Ashank Desai     | 3,099,552        |
| Mr. Ketan Mehta      | 2,519,100        |

### E. PERFORMANCE EVALUATION

In compliance with Companies Act, 2013, and Clause 49 of the Listing Agreement, the performance evaluation of the Board as a whole and of the Individual Directors was carried out during the year under review.

With the help of an Expert, a structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The Directors expressed satisfaction with the evaluation process.

### INDUCTION/TRAINING OF THE BOARD:

Every new Independent Director of the Board needs to attend an Orientation Program organized by the Company. Presentations are made by Managing Director & Group CEO & Group CFO & Finance Director /Senior Managerial personnel thereat, providing an overview of strategy, operations and functions of the Company. An opportunity is provided to the Directors to interact with senior leadership of the Company and help them to get ground level information on the Company's Products offering, Markets, Software Delivery, Organization Structure, Finance, HR, Technology, Quality facilities and Risk Management.

### F. TERMS OF APPOINTMENT & REMUNERATION TO MR. SUDHAKAR RAM MANAGING DIRECTOR & GROUP CEO:

Mr. Sudhakar Ram was appointed as the Chairman & Managing Director of the Company for a period of 3 years with effect from July 1, 2014 to June 30, 2017 vide shareholder's resolution dated July 23, 2014.

Subsequently the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, at their respective meetings held on January 22, 2015 and the shareholders at their Extra-Ordinary General Meeting held on March 05, 2015 have approved modification in terms of remuneration of Mr. Sudhakar

Ram as Managing Director & Group CEO of Mastek Limited for the balance period from April 1, 2015 up to June 30, 2017 on the terms and conditions and remuneration as under:

**Basic Salary:**

₹ 6,25,000/- (Rupees Six Lakhs and Twenty Five Thousand only) per month, with an option of annual increment as may be decided by the Nomination & Remuneration Committee and Board of Directors of the Company, from time to time.

**Bonus:**

Based on the performance as may be evaluated by the Board of the Directors/ Nomination & Remuneration Committee, from time to time up to a maximum of ₹ 30 lakhs per annum.

**Housing Benefit:**

The Company will pay 50% (fifty percent) of the Basic Salary as House Rent Allowance to Mr. Sudhakar Ram.

**Special Allowance:**

₹ 2,37,500/- (Rupees Two Lakhs Thirty Seven Thousand and Five Hundred only) per month.

**Car Facility:**

Car facility with driver to be used for the business of the Company.

**Club Fees**

Reimbursement of Club Fees up to maximum two club.

**Telephone:**

Free telephone facility at his residence to be used for the business of the Company.

**Provident Fund Contribution:**

Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of basic salary.

**Gratuity:**

As per rules of the Company.

**Perquisites:**

As may be permitted as per the policy of the Company or by the Board of Directors and/or the Nomination & Remuneration Committee of the Board of Directors.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated on actual basis.

Provision of car and telephone for use of the Company's business and telephone at the Managing Director & Group CEO's residence will not be considered as perquisites.

In the event of inadequacy of profits or no profits, the remuneration or perquisites of the Managing Director and Group CEO shall be subject to the limits prescribed under Schedule V to the Companies Act, 2013.

**G. SUBSIDIARY COMPANIES**

The Company has a policy on Material Subsidiary and same is placed on the website of the Company.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings and same are placed on the website of the Company viz <http://www.mastek.com/investors/financials-subsidiary-co's>.

The copies of the Minutes of the Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings.

**H. RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website viz <http://www.mastek.com/investors/shareholder-services>

**I. General Body Meetings**

**(i) Particulars of Annual General Meetings held during the last three years:**

| Financial Year | Date             | Time       | Location   |
|----------------|------------------|------------|--|
| 2013-14        | July 23, 2014    | 11.00 A.M  | Ahmedabad Management Association Hall, Ahmedabad |
| 2012-2013      | July 17, 2013    | 11.00 A.M. | Ahmedabad Management Association Hall, Ahmedabad |
| 2011-2012      | October 05, 2012 | 11.00 A.M  | Gajjar Hall, Ahmedabad                           |

**(ii) Special Resolution passed in 3 previous Annual General Meetings:**

| Annual General Meeting                                     | Special Resolution  |
|--|---|
| Thirty Second Annual General Meeting held on July 23, 2014 | <ul style="list-style-type: none"> <li>No Special Resolution passed in this Annual General Meeting.</li> </ul>  |
| Thirty First Annual General Meeting held on July 17, 2013  | <ul style="list-style-type: none"> <li>Payment of Commission to Non-Executive Directors.</li> <li>Employee Stock Option Plan-ESOP Plan VII- to Employees of the Company</li> <li>Employee Stock Option Plan-ESOP Plan VII- to Employees of the Subsidiary Companies.</li> <li>Employee Stock Option Plan-ESOP Plan VII- to certain identified employees of its company and its subsidiaries, stock options, which may be equal to exceed 1% of the issued capital of the company</li> </ul> |
| Thirtieth Annual General Meeting held on October 5, 2012   | <ul style="list-style-type: none"> <li>Payment of certain benefits/ Perquisites to Mr. Ashank Desai</li> <li>Alteration of Articles of 86, 99 and 147 of the Articles of Association of the Company.</li> </ul>   |

### (iii) Extraordinary General Meeting (EGM)

The Company held an Extra-ordinary General Meeting on March 05, 2015 for the appointment of Independent Directors i.e. Mr. S. Sandilya, Mr. Atul Kanagat and Ms. Priti Rao and approval of Modification of the terms of remuneration payable to Mr. Sudhakar Ram, Managing Director & Group CEO.

The special resolution was passed for modification of the terms of remuneration payable to Mr. Sudhakar Ram as Managing Director & Group CEO, as circulated to members in the notice of meeting thereof.

Details of Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

During the year under review, on March 5, 2015 resolution for the appointment of Independent Directors i.e Mr. S. Sandilya, Mr. Atul Kanagat, Ms. Priti Rao and approval of Modification of the terms of remuneration payable to Mr. Sudhakar Ram, Managing Director & Group CEO has been passed through E-Voting and exercise of Postal Ballot at Extra-Ordinary General Meeting.

Mr. Abhishek Bhate, Practicing Company Secretary was appointed as Scrutinizer for the E-Voting and Ballot conducted at Extra-Ordinary General Meeting held on March 05, 2015. All the resolutions were passed by more than 90% majority. The result of E-Voting were informed to Stock Exchange and are also placed on website of Company viz. [www.mastek.com](http://www.mastek.com)

### J. DISCLOSURES

#### Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

#### Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies(Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 1956 read with General Circular 8/ 2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

#### Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on SAP platforms and has a strong monitoring and reporting process resulting in financial discipline and account ability.

### K. CEO & MD / CFO Certification

The CEO & MD and the CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report .

### L. CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. The Code has been posted on the Company's website <http://www.mastek.com/investors/corporate-governance>.

The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel confirmed about their compliance with the Code.

### M. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Pursuant thereto, a dedicated hotline is provided (+91-22) 6150 1898 - which can be directly reached and any Whistle Blower's complaint can be registered. Calls to the Hotline during work hours will be directed by the Operator to any of the Ombudspersons or Compliance Committee members, as desired by the caller.

Complainants can also raise their concern through e-mails to the Ombudspersons or Compliance Committee members or Chairperson of Audit Committee (if the complaint is against a Director or by a Director). If, for any reason, the Complainant does not wish to write to any of these entities, he/she can write to [whistleblower@mastek.com](mailto:whistleblower@mastek.com). Emails addressed to this ID will be received by the Company Secretary, who will appropriately direct it to any of the Ombudspersons or Compliance Committee member/s or Chairperson of the Audit Committee, after ascertaining the nature and identity sensitivity of the concern raised.

### N. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary issues a mail to all Directors, Senior Management peoples and employees in possession of price sensitive information about trading window closure. The said code is placed at the website of the Company viz <http://www.mastek.com/investors/corporate-governance>

All Board Directors and the designated employees have confirmed compliance with the Code.

### O. COMMUNICATION WITH THE MEMBERS/ SHAREHOLDERS

- The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/ analysts and are published within forty- eight hours in leading English and Marathi daily newspapers. The audited financial statements

form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

- The Company also informs by way of intimation to BSE and NSE all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Release in regard to the same.
- The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: <http://www.mastek.com/investors/corporate-governance> and can be downloaded.
- In compliance with Clause 52 of the Listing Agreement, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically on BSE's on-line portal <http://listing.bseindia.com>, the said information is also filed electronically with NSE through NSE's NEAPS portal.
- A separate dedicated section under Corporate Governance on the Company's website gives information on unclaimed dividends, quarterly compliance reports/communications with the Stock Exchange and other relevant information of interest to the investors/public.

**P. RELATED PARTIES**

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

Key Management Personnel:

- Mr. Sudhakar Ram
- Mr. Radhakrishnan Sundar
- Mr. Ashank Desai
- Mr. Farid Kazani
- Ms. Kalpana Jaishankar
- Mr. Stephan Van Overtveldt
- Mr. Vinay Rajadhyaksha

(₹ in Lakhs)

| Particulars                                     | Transactions during the year ended March 31, 2015 | Transaction during the year ended March 31, 2014 |
|---|---|--|
| <b>Remuneration to Key Management Personnel</b> |   |  |
| Mr. Sudhakar Ram                                | 119.40  | 124.20   |
| Mr. R. Sundar                                   | 27.28   | 27.28  |
| Mr. Vinay Rajadhyaksha                          | 212.58  | 168.58   |
| Mr. Stefan Vanoverveldt                         | 227.05  | 475.69   |
| Mr. Farid Kazani                                | 178.89  | 109.76   |
| Ms. Kalpana Jaishankar                          | 112.91  | 49.46  |

Notes:

1. i) Reimbursement of expenses incurred by related parties for and on behalf of the Company and vice versa has not been included above.
- ii) The disclosures given above have been reckoned on the basis of information available with the Company.
- iii) There has been no payment of commission to Directors for the year ended March 31, 2015 as well as previous year.
2. Generally, there were no instances of non-compliance on any matter related to the capital markets.

**Q. Management Discussion & Analysis forms part of the Annual Report. Investor information details are also provided separately in the Annual Report.**

**R. Means of Communication**

1. Quarterly results subjected to limited reviewed by Statutory Auditors are generally published in the Free Press Journal, Navshakti and Financial Express (Gujarati) Ahmedabad. The quarterly unaudited results along with the press releases are made available on the website of the Company (<http://www.mastek.com/investors/corporate-governance>). Other information relating to shareholding patterns, compliance with the requirements of corporate governance etc. are posted on BSE/NSE website and on Mastek's website in the investors section.
2. Official news releases and transcripts of conference calls with the analysts after the quarterly results are displayed on the Company's website.
3. Shareholding pattern is displayed on the Company's website; the information is updated on a monthly basis.

**DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

To the Members of Mastek Limited

This is to confirm that the Company has adopted Code of Conduct for the Board of Directors and senior management personnel of the Company, which is available at [www.mastek.com](http://www.mastek.com).

I declare that the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct of the Company.

Place: Mumbai  
Date: April 22, 2015

**Sudhakar Ram**  
Managing Director & Group CEO

**CERTIFICATE FROM PRACTISING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

I have examined the compliance of conditions of Corporate Governance by Mastek Limited for year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements. I state generally that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer cum Investor Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sundaram & Co.

Place: Mumbai  
Date: April 22, 2015

**V. Sundaram**  
Practising Company Secretary  
C. P. No. 3373



## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

### S. INVESTOR INFORMATION

#### 1. COMPANY OVERVIEW:

Incorporated in 1982, Mastek is a leading IT player with global operations providing enterprise solutions to businesses and governments worldwide. The Company architects, designs, develops, integrates and maintains strategic applications that create a tangible business impact at customers' end. The Company is currently focused on two verticals – Insurance and Government. Mastek has substantial experience and intellectual property in both these verticals.

Mastek is having its operations in North America, UK, India and Asia Pacific. The Company was promoted by Mr. Ashank Desai, Mr. Ketan Mehta and Mr. Radhakrishnan Sundar. Mr. Sudhakar Ram joined the Company as Promoter Director during the year 1984.

Mastek had its IPO (Initial Public Offering) in December, 1992 and raised ₹ 422.1 lakhs in gross aggregate proceeds. There was an additional public offering in March 1996 when it raised ₹ 720 lakhs in gross aggregate proceeds.

#### 2. EQUITY HISTORY: Number of shares

|  |                                  |
|--|----------------------------------|
| Prior to Initial Public Offer  | 23,97,000 shares of ₹ 10/- each  |
| Initial Public Offer in December, 1992   | 6,03,000 shares of ₹ 10/- each   |
| Issued under Employees' Stock Option Plan till 1996  | 56,640 shares of ₹ 10/- each     |
| Second Public Offer in March, 1996   | 4,00,000 shares of ₹ 10/- each   |
| Bonus Shares in January, 2000  | 34,56,640 shares of ₹ 10/- each  |
| Adjusted the above in view of Sub-Division of shares of ₹ 10/- each into two shares of ₹ 5/- each in 2001. | 1,38,26,560 shares of ₹ 5/- each |
| Buy-Back of shares in 2003-04 & 2004-05  | 3,99,848 shares of ₹ 5/- each    |
| Bonus Shares in April 2006   | 1,40,54,594 shares of ₹ 5/- each |
| Issued under Employees' Stock Option Plans from 2000-01 till 2008-09                                       | 10,78,283 shares of ₹ 5/- each   |
| Shares Bought Back from May 2008 to June 30, 2008  | 14,38,232 shares of ₹ 5/- each   |
| Shares Extinguish till June 30, 2008   | 9,15,714 shares of ₹ 5/- each    |
| Issued under Employees Stock Option Plans in 2010-11   | 7,250 shares of ₹ 5/- each       |
| Issued under Employees Stock Options plan in 2011-12   | 75,000 shares of ₹ 5/- each      |
| Shares Bought Back & Extinguished from November 2012 to February 2013                                      | 23,88,000 shares of ₹ 5/- each   |
| Issued under Employees Stock Options plan in 2013-2014   | 6,500 shares of ₹ 5/- each       |
| Shares Bought Back & Extinguished from March 6, 2014 to March 25, 2014                                     | 24,84,007 shares of ₹ 5/- each   |
| Issued under Employees Stock Options plan in 2014-2015   | 3,85,992 shares of ₹ 5/- each    |

#### 3. THE COMPANY'S EQUITY SHARES ARE LISTED ON THE FOLLOWING STOCK EXCHANGES:

National Stock Exchange of India Limited

BSE Limited

(i) All inquiries relating to the shareholder records, share

transfers, transmission of shares, change of address, non-receipt of dividend, loss of share certificates, etc. should be addressed to:

#### The Registrar and Share Transfer Agent:

Sharepro Services (I) Pvt. Ltd.  
Samhita Warehousing Complex,  
13AB, Gala No. 52,  
Nr. Sakinaka Telephone Exchange,  
Off. Andheri-Kurla Road,  
Andheri (East),  
Mumbai – 400 096  
Phone: 67720300 / 6772 0372 / Fax: 2837 5646  
e-mail: sarita@shareproservices.com /  
indira@shareproservices.com

Contact Person: Ms. Indira Karkera / Ms. Sarita

(ii) **Share Transfer System:** The Company processes shares sent for transfer, transmission etc. every month. Transfers/transmissions which are complete in all respects are registered and returned within 30 days of lodgment.

The Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Clause 47 (c) of the Listing Agreements of the Stock Exchanges. The Company has obtained quarterly certificates for the timely dematerialization of shares of the Company as per the requirement of the SEBI (Depositories & Participants) Regulations, 1996. These certificates have been submitted to the Stock Exchanges and the National Securities Depository Limited / Central Depository Services (India) Limited. The Company has also carried out Secretarial Audits for the Reconciliation of Share Capital as required under the Listing Guidelines every quarter and the quarterly secretarial audit reports issued by an independent Practising Company Secretary have been regularly filed with the Stock Exchanges.

#### (iii) Bank Details for Electronic Shareholdings:

While opening accounts with Depository Participants (DP), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. SEBI vide its circular no. DCC/FITTCIR-3/2001 dated October 15, 2001, has advised that all companies should mandatorily use ECS facility wherever available. In the absence of availability of ECS facility, companies may use warrants for distributing the dividends. Vide its circular no. D&CC/FITTC/CIR-04/2001 dated November 13, 2001, SEBI has advised companies to mandatorily print the Bank Account details furnished by the Depositories on the dividend warrants. This ensures that dividend warrants, even if lost or stolen cannot be used for any purpose other than for depositing the money in the Account specified on the dividend warrants and ensures safety for the investors. Members are requested to furnish their Bank Account details to their DPs, if not already informed.

(iv) **Ministry of Corporate Affairs (MCA), Govt. of India** has issued circular No. 17/2011 dated April 21, 2011 and circular No. 18/2011 dated April 29, 2011 in respect of Green Initiative. Accordingly Company sent a communication to all the members requesting them to give their E-mail I.D's to their Depository Participants (DPs), so that Annual report and other communications can be sent electronically to all the members.

Members, who have so far not informed the E-mail I.D's to their DP's, are requested to do the same in the interest of environment.

## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

### 4. ANNUAL GENERAL MEETING:

- Date and Time : August 17, 2015 at 11.00 a.m.
- Venue : Ahmedabad Management Association Hall's H.T.Parekh Hall, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015

### 5. FINANCIAL CALENDAR:

- Financial reporting for the quarters ending –
  - June 30, 2015 : July 16, 2015
  - September 30, 2015 : around October 15, 2015
  - December 31, 2015 : around January 14, 2016
  - March 31, 2016 : around April 21, 2016

### 6. BOOK CLOSURE DATE: August 10, 2015 to August 17, 2015 (both days inclusive)

### 7. DIVIDEND PAYMENT DATE: On or after August 24, 2015 and before September 15, 2015.

### 8. STOCK CODE:

| Name of Exchange                         | Script Code | Reuters | Bloomberg |
|--|-------------|---------|-----------|
| BSE Limited                              | 523704      | MAST.BO | MAST@IN   |
| National Stock Exchange of India Limited | MASTEK      | MAST.NS | NMAST@IN  |

### 9. LISTING FEES PAID: The Company has paid annual listing fees for the year 2015-2016 of the Stock Exchanges where the Company's shares are listed.

### 10. CAPITAL STRUCTURE:

|  |            |                 |
|--|------------|-----------------|
| Authorized Capital                     | Equity     | ₹ 200,000,000/- |
|  | Preference | ₹ 200,000,000/- |
| Issued, Subscribed and Paid-up Capital | Equity     | ₹ 112,733,360/- |

### 11. DISTRIBUTION OF SHAREHOLDING - 3 years

#### Distribution of shareholding as on March 31, 2015

| Range shares    | no. of Shareholders Number | %      | Value ₹     | %      |
|-----------------|----------------------------|--------|-------------|--------|
| 1- 500          | 1,800                      | 90.48  | 8,087,525   | 7.17   |
| 501-1000        | 1,012                      | 4.99   | 3,946,005   | 3.50   |
| 1001-5000       | 694                        | 3.42   | 7,380,760   | 6.55   |
| 5001-10000      | 104                        | 0.51   | 3,731,685   | 3.31   |
| 10001 and above | 120                        | 0.59   | 89,587,385  | 79.47  |
| Total           | 20,270                     | 100.00 | 112,733,360 | 100.00 |

#### Distribution of shareholding as on March 31, 2014

| Range shares    | no. of Shareholders Number | %      | Value ₹     | %      |
|-----------------|----------------------------|--------|-------------|--------|
| 1- 500          | 14,876                     | 91.17  | 6,631,340   | 5.99   |
| 501-1000        | 829                        | 5.08   | 3,228,100   | 2.91   |
| 1001-5000       | 490                        | 3.00   | 5,174,440   | 4.67   |
| 5001-10000      | 54                         | 0.33   | 1,939,075   | 1.75   |
| 10001 and above | 68                         | 0.42   | 93,830,445  | 84.68  |
| Total           | 16,317                     | 100.00 | 110,803,400 | 100.00 |

### Distribution of shareholding as on March 31, 2013

| Range shares    | no. of Shareholders Number | %      | Value ₹     | %      |
|-----------------|----------------------------|--------|-------------|--------|
| 1- 500          | 15,154                     | 91.35  | 6,768,425   | 5.49   |
| 501-1000        | 796                        | 4.79   | 3,067,935   | 2.49   |
| 1001-5000       | 522                        | 3.15   | 5,486,215   | 4.45   |
| 5001-10000      | 44                         | 0.27   | 1,632,355   | 1.33   |
| 10001 and above | 73                         | 0.44   | 106,236,005 | 86.24  |
| Total           | 16589                      | 100.00 | 123,190,935 | 100.00 |

### 12. Annual High-Low Price history for Previous Three Years

| Fiscal Year | BSE LIMITED                 |        | NATIONAL STOCK EXCHANGE OF INDIA LIMITED |        |
|-------------|-----------------------------|--------|--|--------|
|             | Price per Equity Shares (₹) |        | Price per Equity Shares (₹)              |        |
|             | High                        | Low    | High                                     | Low    |
| 2015        | 513.50                      | 160.20 | 512.60                                   | 160.00 |
| 2014        | 227.90                      | 103.00 | 227.90                                   | 101.7  |
| 2013        | 185.10                      | 103.30 | 185.00                                   | 103.50 |

### 13. QUARTERLY HIGH-LOW PRICE HISTORY FOR PREVIOUS TWO YEARS

| Fiscal Year | BSE LIMITED                 |         | NATIONAL STOCK EXCHANGE OF INDIA LIMITED |         |
|-------------|-----------------------------|---------|--|---------|
|             | Price per Equity Shares (₹) |         | Price per Equity Shares (₹)              |         |
|             | High (₹)                    | Low (₹) | High (₹)                                 | Low (₹) |
| <b>2015</b> |                             |         |  |         |
| 1st Quarter | 213.80                      | 160.20  | 213.50                                   | 160.00  |
| 2nd Quarter | 337.00                      | 180.70  | 337.20                                   | 180.80  |
| 3rd Quarter | 424.90                      | 251.45  | 424.75                                   | 250.95  |
| 4th Quarter | 513.50                      | 367.75  | 512.60                                   | 367.00  |
| <b>2014</b> |                             |         |  |         |
| 1st Quarter | 144.10                      | 110.00  | 143.60                                   | 112.00  |
| 2nd Quarter | 142.00                      | 103.00  | 142.50                                   | 101.70  |
| 3rd Quarter | 178.00                      | 117.00  | 180.00                                   | 124.25  |
| 4th Quarter | 227.90                      | 156.00  | 227.90                                   | 156.00  |

### 14. MONTHLY VOLUMES AND PRICES: 2014-15

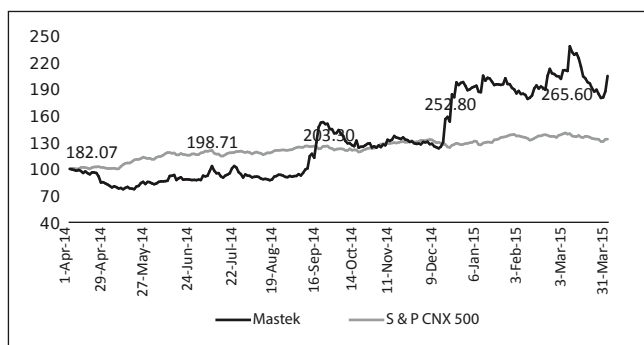
| Month and year | BSE Limited |         |         | National Stock Exchange of India Limited |         |          |
|----------------|-------------|---------|---------|--|---------|----------|
|                | High (₹)    | Low (₹) | Volume  | High (₹)                                 | Low (₹) | Volume   |
| April 2014     | 213.80      | 171.00  | 607154  | 213.50                                   | 171.00  | 2085514  |
| May 2014       | 183.70      | 160.20  | 479743  | 184.25                                   | 160.00  | 1853159  |
| June 2014      | 201.25      | 172.75  | 575683  | 201.00                                   | 173.00  | 2215267  |
| July 2014      | 221.00      | 183.00  | 1494883 | 220.95                                   | 182.50  | 5806931  |
| August 2014    | 197.70      | 180.70  | 266823  | 198.90                                   | 180.80  | 732928   |
| September 2014 | 337.00      | 189.25  | 6127605 | 337.20                                   | 191.00  | 27120753 |
| October 2014   | 294.50      | 255.00  | 1331177 | 294.70                                   | 255.25  | 5177787  |

## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

| Month and year | BSE Limited |         |         | National Stock Exchange of India Limited |         |          |
|----------------|-------------|---------|---------|--|---------|----------|
|                | High (₹)    | Low (₹) | Volume  | High (₹)                                 | Low (₹) | Volume   |
| November 2014  | 295.00      | 260.00  | 1038472 | 295.45                                   | 260.00  | 3722135  |
| December 2014  | 424.90      | 251.45  | 8521983 | 424.75                                   | 250.95  | 31691993 |
| January 2015   | 442.00      | 380.25  | 3503572 | 441.70                                   | 380.00  | 11976038 |
| February 2015  | 456.90      | 368.95  | 3183481 | 457.00                                   | 368.50  | 9358239  |
| March 2015     | 513.50      | 477.00  | 4325261 | 512.60                                   | 373.00  | 15243030 |

### MASTEK SHARE PRICE PERFORMANCE VERSUS NSE's S&P CNX 500

#### Relative Price Performance Mastek v/s NSE's S&P CNX 500



### T. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

#### i. Share transfers

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

#### ii. Nomination facility for shareholding

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

#### iii. Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

#### iv. Unclaimed Dividend

Pursuant to Provisions of Section 124 of the Companies Act, 2013 (the Act) the amount of Dividend which has remained unclaimed and unpaid for a period of seven years from the date of transfer of such amount to unpaid dividend account

is required to be transferred to Investors Education and Protection Fund (IEPF) established by Central Government.

Accordingly the amount of Final Dividend for the year 2006-2007 amounting to ₹ 552,461/- and Interim Dividend for the year 2007-08 amounting of ₹ 470,663/- have been credited to IEPF on November 20, 2014 and on March 03, 2015 respectively.

Final Dividend for the year 2007-08 is due to be transferred to Investors Education and Protection Fund (IEPF) established by Central Government in October 2014. All the members who have not encashed the dividend warrant are requested to take steps to encash the same. Please note that no claims shall lie against the IEPF or the Company in respect of such amounts after the date of transfer.

#### v. Pending Investor Grievances

Any Member / Invest or whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary and Head Compliance at the Registered Office with a copy of the earlier correspondence.

#### vi. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external audit or with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited and The National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

### U. SHAREHOLDING PATTERN –

#### AS ON MARCH 31, 2015

| Sr. No. | Category   | No. of Shares | % of Holding |
|---------|--|---------------|--------------|
| 1       | Indian Promoters                                       | 11,506,660    | 51.03        |
| 2       | Mutual Funds And UTI                                   | 402,578       | 1.79         |
| 3       | Financial Institutions/Banks                           | 20,033        | 0.09         |
| 4       | Insurance Companies                                    | 1,121,532     | 4.97         |
| 5       | FII'S  | 2,879,452     | 12.77        |
| 6       | Bodies Corporate                                       | 1,598,899     | 7.09         |
| 7       | Individuals holding Nominal Capital upto ₹ 1 lakh      | 4,010,569     | 17.79        |
| 8       | Individuals Holding Nominal Capital more than ₹ 1 lakh | 683,430       | 3.03         |
| 9       | NRI's  | 323,519       | 1.43         |
|         | Grand Total  | 22,546,672    | 100.00       |

#### AS ON MARCH 31, 2014

| Sr. No. | Category                     | No. of Shares | % of Holding |
|---------|------------------------------|---------------|--------------|
| 1       | Indian Promoters             | 11,506,660    | 51.92        |
| 2       | Mutual Funds And UTI         | 16,856        | 0.08         |
| 3       | Financial Institutions/Banks | 4,536         | 0.02         |
| 4       | Insurance Companies          | 1,583,720     | 7.15         |
| 5       | FII'S                        | 3,305,166     | 14.91        |



## CORPORATE GOVERNANCE REPORT 2014-15 (contd.)

| Sr. No. | Category   | No. of Shares | % of Holding |
|---------|--|---------------|--------------|
| 6       | Bodies Corporate                                       | 543,066       | 2.45         |
| 7       | Individuals holding Nominal Capital up to ₹ 1 lakh     | 3,109,363     | 14.03        |
| 8       | Individuals Holding Nominal Capital more than ₹ 1 lakh | 1,794,539     | 8.10         |
| 9       | NRIs   | 296,774       | 1.34         |
|         | Grand Total  | 22,160,680    | 100          |

### DETAILS ON PHYSICAL & ELECTRONIC MODE

| Date           | Status of Shares - Physical versus Electronic mode |            |            |
|----------------|--|------------|------------|
|                | Physical   | Electronic | Total      |
| March 31, 2015 | 328,975  | 22,217,697 | 22,546,672 |
| March 31, 2014 | 231,508  | 21,929,172 | 22,160,680 |

### V. OVERVIEW OF THE VOLUME OF CORRESPONDENCE HANDLED DURING THE YEAR ENDED MARCH 31, 2015

|  | No of Letters |
|--|---------------|
| Investors' correspondence handled  |               |
| * Classification of correspondence handled   |               |
| 1. General letters seeking information and advice  | 2             |
| 2. Cases of non-receipt despite proper dispatch of dividend Warrants and Share Certificates. (Complaints not amounting to grievance) | -             |
| 3. Complaints  | -             |
| Total  | 2             |

There were no pending transfers as on March 31, 2015.

### W. Shareholders with more than 1% holding as on March 31, 2015

| Sr. No | Name of the shareholder                       | No. of shares | Shares as percentage of total no. of shares |
|--------|---|---------------|---|
| 1.     | Fidelity Puritan Trust<br>Fidelity Low Priced | 1650000       | 7.32  |
| 2.     | Life Insurance Corporation of India           | 1108216       | 4.92  |
| 3.     | Fidelity North star Fund                      | 400000        | 1.77  |

### X. INFORMATION FOR SHAREHOLDERS ON THE INTERNET:

The Company actively communicates its strategy and the developments of its business to the financial markets. The Senior Executives of the Company along with M/s. Christensen Investor Relations (I) Private Limited - our Investor advisor regularly meet the analysts. The Press release, Analysts' conference calls as well as the presentations at analysts meetings are organized by M/s. Christensen Investor Relations (I) Private Limited - our Investor advisor. Decisions in such meetings are always limited to information that is already in the public domain. Please access the homepage at <http://www.mastek.com> and register yourself for regular updates.

### Y. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ADRs/warrants except the stock options granted to the employees of the Company and its subsidiaries. The options after vesting, when exercised, shall increase the equity share capital.

### Z. OFF-SHORE DEVELOPMENT CENTERS:

The Company has Off-Shore Software Development Centers at SEEPZ, Mumbai, Millennium Business Park, Mahape, Pune and Chennai. The complete list of Addresses attached at the end of the Annual Report.

### COMPLIANCE OFFICER OF THE COMPANY:

Name: Bhagwant Bhargawe, Company Secretary

Address: Mastek Limited, #106, SDF-4, SEEPZ, Andheri (East), Mumbai-400 096

Phone No: + 91-22-66952222 Fax: +91-22-66951331.

# CORPORATE SOCIAL RESPONSIBILITY

## About Mastek Foundation:

Mastek Foundation is the CSR wing of the company. Founded in 2002, the mission of Mastek foundation is Responsible Receiving, Informed Giving. Inspiring our employees to contribute back to the community by, sensitizing them to the issues and needs of the community and engaging them with the community through volunteering and giving opportunities. The foundation also supports NGOs to scale and build their capabilities through our core skill of IT. Hence the foundation has three clearly defined activities: Build, Engage and Give.

## Build

### Transformation

#### Transforming NGOs through Information Technology

This unique initiative by Mastek Foundation has affected numerous lives, both directly and indirectly. The objective of this initiative is to build the IT infrastructure of non-profit organisations. Non-profit organisations make a huge difference to society with their innovative and committed actions, but are held back by their inability to build state-of-the-art information technology infrastructure. This is mainly because of a lack of awareness. NGOs simply don't know how much of an advantage that IT will bring to their organisations.

Mastek Foundation pitched in to help with IT and made a huge difference to these organisations:

- Kherwadi Social Welfare Association (Yuva Parivartan)
- Magic Bus
- Mission of Vision
- TARA Livelihood Academy

#### Kherwadi Welfare Association (KSWA)

KSWA's main aim is Yuva Parivartan, whose objective is to improve the lives of underprivileged youth through vocational training. It operates in 18 states in India, and requires a strong MIS system to carry out this huge task. KSWA made an attempt to set up such a complex system but failed. Mastek Foundation then stepped in. Under the guidance of Radhakrishnan Sundar and Anil D'sa, senior software professionals, took care of KSWA's IT issues and since then Mastek Foundation has been with KSWA. Recently it developed the following IT system that has helped KSWA impact many young lives:

- A multi-blade server system giving KSWA the ability to scale up to deploy and host multiple applications. Currently managing four live systems
- Release of camp module in IRIS, catering to the future focus approach of KSWA in its quest to provide vocational training to 1 million students annually
- Setting up domain environment at KSWA to ensure effective monitoring and use of expensive resources
- Mail servers at KSWA premises for testing with a view to eliminate dependence on external vendors in email services
- Progressing with YPLE with a target to provide employment to 500,000 youths on a year-to-year basis



#### Magic Bus India Foundation

The Magic Bus Children programme aims at the holistic development of underprivileged children. It seeks to create positive attitudes and behaviour in three areas -- education, health and gender equality. It also aims to develop the child's socio-emotional skills so that he or she evolves into a confident and competent person, and thus empowering him or her to choose a livelihood and succeeding in it and moving out of poverty.

Mastek Foundation with Magic Bus undertook the following initiatives:

- Ensuring funding by Vodafone
- Putting in place detailed requirements and plans for discussion/testing/ training and rollout for initiating the MIS development phase
- Providing effective support to over 7,000 Community Youth leaders to handle their day-to-day operations smoothly.
- Currently, it has Initiated the Development Phase of the Magic Bus MIS system

#### Mission for Vision (MFV)

Mission for Vision is an NGO that aims to restore the gift of vision to every visually impaired human being, irrespective of nationality, religion or socio-economic status. It also aims to establish, in partnership, a hospital in every state of India providing free high-quality eye care to the poor.

Mastek Foundation has taken the following initiatives with MFV:

- It has gone live with the PCQ-MIS system since June 2014
- Ability to generate MIS at any point of time for stakeholders according to the following parameters: hospital, state, district, age and gender
- Scale up from surveying 20,000 patients to 60,000 patients on a year-to-year basis
- Reduction of MIS generation time from two-and-a-half months to as-needed basis

#### TARA Livelihood Academy in association with Marico Innovative Foundation

##### Students Management MIS

It will create an impact for around 5,000 students on an immediate basis and an anticipated growth of 100% can be handled on a year-to-year basis. It also has the ability to manage complete student information and attendance. It can track the progress of the student on a year-on-year basis. It will provide a livelihood opportunity to 100% of the working population in the Bundelkhand region.

##### Sneha

##### Developing of Management information System



This system will be able to manage the complete beneficiary details spanning across Mumbai. It will provide detailed nutrition details and the dietary schedule of the children between the ages of

0-3 years. It will also provide detailed health guidelines and dietary nutrition.

##### NGO Capacity Building



Mastek Foundation conducted a capacity-building workshop with its NGO partners on 9th January 2015. The theme of the workshop: 'How Social Media Can Help NGOs Grow'. There were 20 participants from 11 NGOs.

"I am very grateful to Mastek

Foundation for conducting the Social Media Workshop. On behalf of CORP and my colleagues, who attended the workshop, I would like to thank you and the management of Mastek Foundation. –Nirmal Chandappa, Dir. CORP



## CORPORATE SOCIAL RESPONSIBILITY (Contd.)



Jacqui Kilburn from Women's Aid, UK, visited Mumbai between 24th November and 27th November 2014. Kilburn, who looks after the training cell of the organisation, spent the time with NGO partners of Mastek Foundation like Sneha in Mumbai and Snehalaya in Ahmednagar. She also had a half-

day session at Mahape with NGOs on domestic violence against women. She shared her experiences and expert views on domestic violence with the NGO representatives.

"I enjoyed my time with you all the NGO representatives and it has left me with some lasting memories" -- Jacqui Kilburn.

### Employee Engagement Programmes

#### Rakhi Exhibition by NGOs



Several NGOs took part in the exhibition-cum-sale of rakhis for employees. Over Rs. 10,000 worth of rakhis were sold on a single day. The Diwali festival sale was above Rs 21,000.

#### Blood Donation Camp

A total number of 278 people, including 268 employees from

Mumbai and Pune, and 10 from outside Mastek, donated blood this year. The number of donors went up by almost 35% from last year. Over 350 employees also got themselves tested for thalassemia, the number rising by almost 40.4% since last year.



#### Contribution to Kashmir Flood



Employees donated Rs 4, 55,000 for victims of the floods in Kashmir. The funds collected has been donated to the NGO, Goonj.

#### Mastek Foundation Run 2014

This year, runners from other corporates took part in the Mastek Foundation Run 2014, including Siemens, TCS, Reliance and Toyo. There were also school children, local residents, sales tax officers, etc. Total 250 people participated. This was an increase of almost 60% since last year.

#### Spread-a-smile Initiative



Under this initiative, Mastek Foundation, in collaboration with Mastek employees, carried out various programmes like visit to an old age home, celebrating Diwali with NGO kids and lunch with lower grade officers. The only aim to bring smile to the under-privileged.

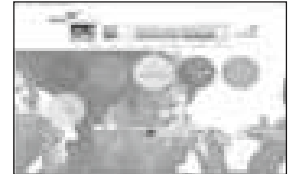


The P&C department solely took the initiative of giving gifts during Diwali to F&L staff, Security, Gardener, electrician, canteen, housekeeping, plumber, carpenter, telephone & photocopy machine operator. The department collected almost ₹ 60,000 and contributed to 125 staffs.

Mastek Foundation launched its website --www.mastekfoundation.org

#### Free eye check up and donation camp

In association with Sankara Eye, Care Mastek Foundation conducted a seven day campaign on Computer Vision Syndrome and eye donation. Total 358 employees took benefit of the free eye check-up camp.



Launch of Mastek Foundation Website



#### Standard Chartered Mumbai Marathon 2015

Twenty employees participated in the Half Marathon 2015.

In the Dream Run segment employees staged a street play on saving mother earth. Total 105 employees participated.



#### Tree plantation drive



Mastekeers celebrated World Environmental Day at Bhavale Loland, Bhiwandi. Along with Hariyali NGO, 68 Mastekeers took part in a tree plantation drive.

#### 100% Giving Initiative:

It is a 100% payroll giving programme with the objective of incorporating all the employees. Before the initiative 31% of employees were in the payroll giving programme, but after the initiative almost 77% of employees are now enrolled in the payroll giving programme.



#### Partnering with Non -profit organisation

##### EDUCATION

#### Partnering with Aarambh, Navi Mumbai



Aarambh provides education, health care and skills training to children, women and youth of migrant communities in the slums of Navi Mumbai. It works through six slum-based community centers in Navi Mumbai and five rural centers in Wai Taluka of Satara District in Maharashtra.

The beneficiaries include 1,970 children, 440 women and 210 youth.

## CORPORATE SOCIAL RESPONSIBILITY (Contd.)

**Mastek supported project:** Supporting two balwadis and two support centres in Navi Mumbai (near Mahape office) for almost 350 migrant children.

**Impact:**

- 49 children were enrolled in mainstream schools
- 98 children enrolled in Aaramabh-run balwadis (preschool establishments)
- 160 children are availing the facility of support classes

**Partnering with Helpers of Handicapped, Kolhapur**

Helpers of Handicapped was formed by Naseema Hurzuk, who herself became a victim of paraplegia at the age of 16. It provides all-round development to people with multiple disabilities.

Total beneficiaries: 7,695 disabled people.

**Mastek supported project:** Sponsorship of 15 disabled students, for their education, corrective surgery, etc.

**Impact:**

- Five students who were physically challenged appeared for the higher secondary examination and passed with flying colours.

**Partnering with Sangopita, Badlapur**

Sangopita is a registered NGO working for the children with multiple disabilities, including cerebral palsy, autism and other physical disabilities. It offers full-time residential care.

**Mastek supported project:** Supporting the shelter home in the form of vocational training, residential facilities etc.

**Impact:**

- Special care given to 10 mentally challenged children
- Education provided through special educators
- Vocational training

**Partnering with Magic Bus India Foundation**

The Magic Bus children's programme is aimed at the holistic development of underprivileged children and inculcating in them positive attitudes and behaviour. Total beneficiaries: 2, 50,000 children in 3,000 plus communities across 13 states in urban, semi urban, rural, tribal and remote rural areas.

**Mastek supported project:** The project site is the Indira Nagar slum in Navi Mumbai. The aim was to ensure the holistic development of 1,000 children and getting them to develop a positive attitude and behaviour in education, health and gender equality.

**Impact:**

Through this project, underprivileged children and Youth from the slums have got an opportunity to experience sports as a medium of development. Children and youth enrolled from these slums were happy being part of the fun filled sessions.

**Preventive Health Care and Eradicating Malnutrition**

**Partnering with Mahan Trust, Melghat Amravati district**

Mahan Trust operates in the difficult terrain of Melghat in Amravati district in Maharashtra. The NGO was started by Dr. Ashish Satav and his wife Dr. Kavita Satav to meet health and nutrition needs of the tribal population of the area. Total beneficiaries: 2 lakh.

**Mastek supported project:** Supporting the Mortality Control Programme in Economically Productive Age Group (16-60 years) programme. Reaching out to 350 tribal people in Melghat.

**Impact:**

- 114 patients treated for hypertension
- Blood pressure of 116 patients controlled

**Partnering with Prasad Chikitsa, Wada district**

Prasad Chikitsa's initiatives include programmes of sustainable community and village development, healthcare, education and nutrition among children, women empowerment etc. It operates in the villages of Maharashtra. Total beneficiaries: more than 3,000.

**Impact:**

- Awareness generation programme for villagers on safe drinking water and sanitation
- Due to sensitization, villagers were keen to adopt safe drinking water and sanitation methods

**Partnering with Akshay Patra Foundation, Gandhinagar, Gujarat**

The Akshaya Patra Foundation works across India to end hunger of underserved children and facilitate their education. Total beneficiaries: 1.3 million children in nine states of India.

**Mastek supported project:** Supporting the mid-day meal programme for 667 children at Gandhinagar, Gujarat.

**Impact:**

- Improvement in attendance and enrolment in schools
- Reduction in dropout rate

**Partnering with Think Foundation, Mumbai**

Think Foundation is a not-for-profit organization, registered under Section 25 (1) of the Companies Act, 1956 and incorporated on 23rd January 2006. Its work focuses in improving the quality of life of thalassaemia patients, prevention of thalassaemia, ensuring availability of blood and its components to all patients.

**Mastek supported project:** Supporting the Thalassaemia Prevention programme and organising blood donation drives at Mastek.

**Impact:**

- 10,000 youngsters screened for thalassaemia.



**Promoting Gender Equality and Empowering Women**

**Partnering with Prerana, Mumbai**

Prerana started working in the red-light areas of Mumbai in 1986. It aims to provide all-round development to the children of women in the flesh trade.

**Mastek supported project:** Supporting of the establishment of a shelter home-Naunihal for 35 girls in Kharghar, Navi Mumbai.

**Impact:**

- Activities at the shelter gave the girls an opportunity to explore their latent talent

## CORPORATE SOCIAL RESPONSIBILITY (Contd.)

- Various activities kept the girls fully occupied during the summer vacation at the shelter home
- Through exposure visits girls learnt about historical monuments, infrastructure development, etc

### Partnering with SAMPARC

SAMPARC (Social Action for Manpower Creation) takes care of the rehabilitation, care and educational development of orphaned children, children of sex workers and other needy, poor and disadvantaged children. It operates in Maharashtra, Gujarat and West Bengal.

**Mastek supported project:** Infrastructure development of a children's home –Balgram in Poyand, Pune area.

#### Impact:

- Comfortable living for the children
- Clean and hygienic sanitation facilities

### Partnering with Aasara

Aasara means 'support', a shelter, a home. This support meets the need of children to have a home, family support and basic quality of life. Aasara strives to provide these rights to street children until they are reunited with their families or re-integrated in society.

**Mastek supported project: Supporting the establishment of Suraksha, an open shelter home for 19 girls in Neral.**

#### Impact:

- The shelter home provides the children a protected environment
- The nutritional needs of the girls are taken care of
- The girls are provided with quality education

### Ensuring Environmental Sustainability and Animal Welfare

#### Partnering with Hariyali, Thane District, Maharashtra

Hariyali has been working in the field of environmental protection for the past 17 years in Thane district.

**Mastek supported project:** Maintenance of trees at Bhavale Lonad forest area.

#### Impact:

- In 2009 the area was totally barren. It is currently green

#### Partnering with SPCA Thane

Thane SPCA runs the only animal hospital in the district. It aims to provide equal treatment for all species.

**Mastek supported project:** Providing specialty surgery to street animals.

#### Impact:

- Street animals specially dogs received specialized operations.



### INSPIRED 2014

Inspired 2014 was conducted on 26th April 2014 at the IES Manik Sabhagriha, Bandra (W) to raise funds of Rs 10 lakh. A total of 720 tickets at Rs 200 each were sold. Through the event a total fund of Rs.10, 80,000/- was raised. Girish Kulkarni from Snehalaya, Mamoon Akhtar from Samaritan Help Mission and Dr. Ashish Satav from Mahan Trust shared their story of serving people at the event. The 'Spirit of Mastek Award' was awarded to Arunima Sinha, who shared her own story of courage and bravery in climbing Mt. Everest.

The evening had some eventful performances by NGOs who participated in the event. Children from Helpers of Handicapped, Kolhapur, did a dance performance on two songs. Girls from the NGO Prerana impressed the audiences by their fine dance performance. The National Association for the Blind left the audiences awestruck by their marvelous orchestra performance. To wind things up, students of Helen Keller Institute performed the silent National Anthem.



### UK employees' volunteer for a social cause



The Reading East MP Rob Wilson visited the Tesco superstore in Napier Road to thank staff and volunteers helping NGO FareShare. Shoppers were invited to buy an extra can or packet of food to donate at the exit. FareShare and Readifood redistributed three days' worth of food parcels to people referred by local agencies and support groups. Rob Wilson said: "I've come down to see the local collection undertaken by Tesco on behalf of FareShare and also Readifood. I'm here to support the volunteers and help raise awareness of the collection." He was delighted with the response of people in Reading to the scheme, run nationally in all Tesco stores. Another collection drive is planned for later this year. He added: "I've given my support now three or four times over the past couple of years and every time been impressed by the generosity of people in Reading. People are very community spirited in this town and they don't want to see people fall on hard times and so they are prepared to help out."

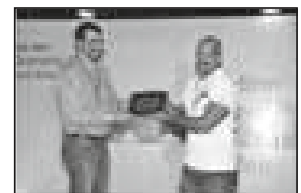
### Mastek Philanthropist

The Mastek Philanthropist Annual Award 2013-14 was awarded to Subhashini Sreekumar and Devendra Bandiwdekar.



**Subhashini Sreekumar**  
(Sr. Manager - Testing)

Believes that doing any small thing to improve a life, Brings joy to those who do, as well as to those who benefit from it.



**Devendra Bandiwdekar**  
(Deputy Manager - Procurement)

He is associated with various social activities in and outside Mastek.



## PEOPLE PRACTICES

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### 2014-15:

Creating an environment that would foster Mastek's ideals and strengthen the vision 2020 through our actions by building empowered teams to set their own goals and free to make the decisions required to unleash their true potential.

We believe that individuals and teams need to stretch beyond their comfort zone to perform, develop and grow. In an endeavor to enable teams to enhance their performance, we are strengthening Empowerment and building an environment of trust where every action is taken with responsibility. As an Organization we are also committed to Individuals and Institutions being the best they can be!

Key Initiatives in the financial year 2014-15 that facilitated us to achieve our Goal:

#### **Strengthening our Culture of Recognition**

Every Mastekeer is valuable and we, at Mastek believe that performance needs to be appreciated and encouraged. We continue to recognize and award team / individual performances during our Quarterly Meets, Global Annual Awards, Long Service Awards and Attitude Awards.

Expressions 2015, a recognition initiative at Mastek was launched in a fresh form. A totally different approach was adopted right from the formation of the Cross Functional Team to planning and execution along with a vision of making Expressions more effective so that its valued by Mastekeers. Every event held in EXPRESSIONS 2015 provided a platform for a Mastekeer to appreciate and recognize his/her colleagues and seniors.

EXPRESSIONS 2015 helped not only strengthen the Recognition Culture at Mastek but also added fun to Mastekeers' life. It created bonding across various teams and was a perfect platform for each one to express their gratitude and appreciation for one another.

The more we talk about the events; the less it is! We saw Mastekeers eager to participate in events like **Wall of Fame, Spread a Smile, Attitude Awards**

#### **Engaging & Leveraging our Top Performers through Prism Club**

As part of the Prism Club initiative, we continue to design and implement programs that engage our top performers and enable their growth and development.

With a vision to recognize & celebrate the outstanding performance of our top talents, Prism Event 2013 – 14 was held at Mastek, Mahape in September'14 for the Prism Members along with their family members. The event was well received and was widely appreciated by Mastekeers and their families.

#### **Business HR in action @ Mastek**

The Business HR team gained significant momentum in this year with the innovative initiatives launched in the last year.

An initiative named 'Reflect' that was introduced last year, which gained momentum and increased participation with involvement of Business and Centers of Excellence Leaders. This provided valuable feedback to identify the scope of improvement in organizational processes and norms to facilitate better jumpstart to new joinees and the necessary handholding was facilitated by the respective COE leaders. This also helped us get in touch with expectations of new joinees and gaps. Work with respective stakeholders to make on-boarding pleasant and more effective.

Talk Tuesdays and Top of Mind, two very innovative methods to understand the pulse of people that was launched last year to bring about a healthy and positive work environment that foster Mastek Values and Culture, gained its full momentum with the project teams. Mastekeers United, an in house sports team worked on various sports extravaganzas amidst high adrenaline with enthusiastic participation and outstanding feedback through the year which executed a successful hat-trick cricket tournament (named Mastek Premier League, MPL3), Indoor sports and LAN games and a Badminton tournament. This gave Mastekeers an opportunity to bond outside work that will help better workplace effectiveness and expand circle of influence. This helped create higher levels of engagement and energy.

Fun & Joy (FnJ) helped achieve high level of engagement across locations and fantastic feedback on various events. Mastek offshore has experienced high level of energy and enthusiasm with fullest of participation in celebrations and competition. Fun & Joy has helped Mastekeers not only rejuvenate from time to time but also encourages talents of all kinds. Highlights of the year have been Diwali Celebrations(celebrated in a unique way by awakening of the gourmet chef within each individual by putting food stalls for Mastekeers to relish), Children's Day , Christmas, Navratri & Women's Day celebrations- to name a few.

#### **Compensation & Benefits and HR Operations**

Compensation being an important element in the overall engagement of every employee, the C&B team ensured that the annual global revisions for 2014-15 were very successfully executed, after conducting detailed benchmark study within the industry and releasing the increases in line with average trends. Alongside, the variable pay entitlements FY 13-14 were also released within committed timelines.

Strengthened the awareness of Whistle Blowing mechanism within our Code of Business Conduct & Ethics Policy.

Online module was introduced for creating awareness amongst employees with respect to the policy on 'Sexual Harassment at work place'.

All existing HR Policies related to employee welfare and benefits continue to be reviewed on a periodic basis and changes, wherever required, are incorporated

## PEOPLE PRACTICES (Contd.)

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### Learning & Development @ Mastek

The Learning and Development Journey at Mastek continues to be exciting and innovative with the support of various practitioners, Centres of Excellence. This year again we saw tremendous involvement of our employees in various learning initiatives. Their continuous inputs and recommendations helped us design focused learning events. Their direct involvement in our initiatives like "You Decide Your Training Calendar" helped us coming up with lots of relevant offerings like Liferay, Qlikview, Microsoft BI/DW, ITIL, ASP.NET MVC, UI Technologies like Angular.JS, Kendo UI, Backbone.JS, Trending technology stacks like Microsoft Dynamics CRM, Big data/ Hadoop, Android app development to name a few. All this resulted into significant upturn in training participation.

To list few important initiatives this year,

- ✓ "Beautiful Code" workshops were organized with a specific purpose of making our developer community aware of importance of writing quality code.
- ✓ Learning events were organized around various technology tracks including UI, Microsoft, Agile, Big Data and Testing. There was involvement of practitioners internally as well as from Industry. All these events received enthusiastic participation from employees and there was a real buzz around it and caught the attention of a sizable number of developers
- ✓ There was a good headway towards Enterprise Agile, one of our strategic initiate at org level. The teams focused on making Agile behaviors happen on the ground – with training programs, events to raise awareness around Agility as a way of life, contests around daily stand up and talks.
- ✓ Agile Olympiad was the first Live Quiz show which was held with lot of teams participating. The event gave a different form to learning and created awareness around Agile.
- ✓ There was also a big drive around Agile internal certifications. Today we have almost 75% of our organization trained and certified on Agile.
- ✓ This year too we had lot of focus on Certifications. There were exclusive workshops organized on the popular certifications like PMP, MSP, ITIL, ISTQB and so on. We have also developed internal Selenium certification courses this year with automation being a keyword in testing industry.
- ✓ In the Insurance Domain our emphasis has been on building up our capabilities on the P&C insurance product and toolkit.
- ✓ We launched a new platform "Speakers Café" to all those who want to enhance their ability to present their thoughts, develop skills in a fun environment, games and activities. Speakers Café also launched a program on Grammar essentials which was well received.

All of this has been successful in instilling and enhancing skills and inculcating the desire to learn more. To summarize, 2014-2015 has been an exciting learning year for Mastek. We are now poised to move into a future where we will continue to strive to build a culture of empowered teams and learning organization.



# SUSTAINABILITY REPORT

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## **Sustainability Initiatives**

Mastek has always considered sustainability from a long term perspective. From the time sustainability initiatives were introduced in the organization in 2009-10, Mastek has consistently taken steps to reduce the carbon footprint through a planned approach which include both short term and long term measures.

### **Environment Management System**

Mastek was certified by Det Norske Veritas (DNV) for the implementation of ISO 14001:2004, an internationally recognized standard for Environment Management System at our Mahape facility in February 2014. The certification is valid for a period of three years and a surveillance audit was conducted by DNV in December 2014 which was cleared successfully.

### **Health & Safety**

Mastek was also certified by DNV for the implementation of OHSAS 18001:2007, an internationally recognized standard for Occupational Health and Safety Management System in February 2014. A surveillance audit was conducted for OHSAS 18001 by DNV in December 2014, which was cleared successfully. The ISO 14001 and OHSAS certifications have been a milestone achievement in our journey on sustainability.

### **Sustainability Reporting**

A long term Sustainability Roadmap has been prepared by which Mastek plans to report voluntarily the initiatives in sustainability on social, economic and environment areas as per GRI G4 guidelines. Mastek has appointed RSM GC to guide and support us for the preparation of this sustainability report. After identifying the gaps, the new policies and procedures will be implemented during FY 2015-16. We expect our first sustainability report as per GRI G4 guidelines to be published in April 2016.

### **Reduction in Power Consumption**

Energy costs have been increasing over the years and account for around 40% of the total facility expenses. We have taken several measures during the last year to reduce our energy costs. We have replaced CFL lighting with LED lighting at our MNDC building at Mahape. This was implemented in July 2014 and we have been able to achieve on an average over 30% savings in the lighting energy consumption.

We have replaced air cooled chillers which provide air conditioning to the MNDC building with the more efficient water cooled chillers. This was a major project which was initiated in 2014. The water cooled chillers are expected to reduce the HVAC energy consumption by around 20%. The usage of VFD on these chillers will help to balance the load on the chillers depending on the air conditioning load in the building, thus leading to better efficiency and lower energy consumption. The new water cooled chillers were commissioned in March 2015 and we expect the savings to be realized with effect from April 2015. The Mastek Millenium Centre building has an aging VRV air conditioning system, which we are planning to replace with new units during FY 2015-16 and FY 2016-17. The new systems will have more environment friendly gas and coolants as against those of the existing units, thereby reaffirming our commitment towards sustainability and reducing impact of our operations on the environment.

**MASTEK LIMITED****PROXY FORM**

CIN: L74140GJ1982PLC005215

**Regd. Office:** 804/805, President House, Opp. C. N. Vidyalaya, Near Ambawadi Circle, Ambawadi, Ahmedabad-380006;  
 Email:investor\_grievances@mastek.com; website: www.mastek.com; Phone:+91-79-2656 4337

I/We being the member(s) holding ..... shares of the above named company hereby appoint:

(1) Name: .....Address: ..... E-mail id: .....

Signature: ..... or failing him;

(2) Name: .....Address: ..... E-mail id: .....

Signature: ..... or failing him;

(3) Name: .....Address: ..... E-mail id: .....

Signature: .....

as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the company, to be held on Monday, August 17, 2015 at 11.00 a.m. at Ahmedabad Management Association Hall's H. T. Parekh Hall, AMA complex, ATRA, Dr.Vikram Sarabhai Marg, Ahmedabad 380015 or at any adjournment thereof in respect of the resolutions as are indicated below:

| Resolution No.                               | RESOLUTIONS   | Vote/s given |         |
|--|---|--------------|---------|
|  |   | For          | Against |
| <b>Ordinary Business</b>                     |   |              |         |
| 1.   | Adoption of Financial Statements for the year ended March 31, 2015.   |              |         |
| 2.   | Approval of Final Dividend for the year ended March 31, 2015 and confirm Interim Dividend declared and paid during the year.          |              |         |
| 3.   | Re-appointment of Mr. Ashank Desai, who retires by rotation and being eligible, offers himself for re appointment.                    |              |         |
| 4.   | Ratification of Appointment of M/s. Price Waterhouse, Chartered Accountants, LLP as Statutory Auditors and fixing their remuneration. |              |         |
| <b>Special Business - Special Resolution</b> |   |              |         |
| 5.   | Payment of Certain Benefits / Prerequisites to Mr. Ashank Desai   |              |         |

Signed this.....day of .....2015

Signature of Proxy holder(s).....

Signature of Shareholder.....

Affix  
 Revenue  
 Stamp  
 of ₹1/-

**Note :**

- This form of proxy in order to be effective should be duly completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.**
- For the notes, Resolutions and Explanatory Statement, please refer to the Notice of the 33<sup>rd</sup> Annual General Meeting.
- It is optional to put number of votes in the appropriate column against the Resolutions indicated in the Box, so that the Proxy should vote accordingly. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate. Please note that the total number of votes given cannot exceed the number of shares held for each and every resolution.
- Please complete all details of member(s) in the above box before submission.



## INDIA

### MUMBAI

#### MASTEK LIMITED

#106, SDF IV,  
Seepz, Andheri (East),  
Mumbai - 400 096.  
Tel : +91 22 6695 2222/2824 7999  
Fax : +91 22 6695 1331

### MASTEK LIMITED

Mastek Millennium Centre  
Millenium Business Park, Mahape, TTC,  
Off Thane Belapur Road  
Navi Mumbai – 400 710.,  
Tel : +91 22 2778 1272/6791 4646  
Fax : +91 22 2778 1332

### AHMEDABAD

#### MASTEK LIMITED

804/805, President House,  
Opp. C.N. Vidyalaya,  
Near Ambawadi Circle,  
Ahmedabad – 380 006.  
Tel : +91 79 2656 4337

### MASTEK LIMITED

# IT 7/8, SDF VII,  
Seepz, Andheri (East),  
Mumbai - 400 096.  
Tel : +91 22 6695 2222/2824 7999  
Fax : +91 22 6695 1334

### MASTEK LIMITED

Mastek New Development Centre  
MBP-P-136,136A  
Mahape, Navi Mumbai – 400 710.  
Tel : +91 22 6791 4545/4646  
Fax : +91 22 2778 1332

### CHENNAI

#### MASTEK LIMITED

Mahindra World City, Plot No. TP – 5  
4th Avenue, Nathan Sub (PO)  
Chengalpet,  
Tamil Nadu – 603 002.  
Tel : +91 44 6747 4724

### MASTEK LIMITED

# IT 5/6, SDF VII,  
Seepz, Andheri (E),  
Mumbai - 400 096  
Tel : +91 22 6695 2222/2824 7999  
Fax : +91 22 6695 1333

### MASTEK LIMITED

A/303 Sector 1  
Millenium Business Park, Mahape,  
Navi Mumbai - 400 710  
Tel : +91 22 6791 4545/4646  
Fax : +91 22 2778 1332

### DELHI

#### MASTEK LIMITED

315, World Trade Centre  
Barakhamba Avenue,  
Connaught Place  
New Delhi - 110 001  
Tel : +91 11 4368 0404/0303  
Fax : +91 11 4368 0303

### MASTEK LIMITED

# 183, SDF VI, Seepz,  
Andheri (East),  
Mumbai - 400 096.  
Tel : +91 22 6695 2222/2824 7999  
Fax : +91 22 6695 1332

### PUNE

#### MASTEK LIMITED

B1/B2, 2nd floor  
Kumar Cerebrum, Kalyani Nagar,  
Pune - 411014  
Tel : +91 20 6607 2000  
Fax : +91 20 6607 2003

## INTERNATIONAL

### USA

#### MAJESCOMASTEK

105 Fieldcrest Avenue,  
Suite # 208, Edison,  
New Jersey - 08837, USA.  
Tel : +1 732 590 6400  
Fax : +1 732 225 5210

### CANADA

#### MAJESCOMASTEK CANADA LTD

40 Eglinton Avenue East,  
Suite 203, Toronto, ON, M4P 3A2  
Tel : 647 351 3926  
Fax : 647 351 3385

### SINGAPORE

#### MASTEK ASIA PACIFIC PTE LTD

No. 3 Shenton Way  
#15-02 Shenton House  
Singapore - 068 805  
Tel : (65) 6226 0711  
Fax : (65) 6225 1736

### MAJESCOMASTEK INSURANCE SOFTWARE AND SOLUTIONS INC

5 Penn Plaza,  
33rd Street & 8th Avenue,  
14th Floor, New York,  
NY 10001, USA  
Tel : +1 646 731 1000  
Fax : +1 646 674 1392

### UK

#### MASTEK UK LIMITED

Pennant House  
2 Napier Court,  
Reading, RG1 8BW, UK  
Tel : +44 (0) 118 903 5700  
Fax : +44 (0) 118 903 5779

### MALAYSIA

#### MASTEK MSC SDN BHD

L3-I-7, Enterprise 4,  
Technology Park Malaysia (TPM)  
Lebuhraya Puchong - Sg. Besi  
Bukit Jalil, 57000 Kuala Lumpur, Malaysia  
Tel : +603 8992 6600  
Fax : +603 8992 6601

### VECTOR INSURANCE SERVICES LLC

105 Fieldcrest Avenue,  
Suite # 208, Edison,  
New Jersey - 08837, USA.  
Tel : +1 732 590 6400  
Fax : +1 732 225 5210

### MASTEK UK LIMITED

4<sup>th</sup> Floor, 36 Park Row,  
Leeds LS1 5JL, UK  
Tel : +44 (0) 113 242 6015  
Fax : +44 (0) 113 242 4882

### THAILAND

#### MASTEK MSC (THAILAND) CO. LTD

Suite 4139 Level 41, 323 Silom Road,  
United Centre Building, Bangrak,  
Bangkok - 10500, Thailand  
Tel : +662 630 4747  
Fax : +662 631 0334



**Canada**  
**India**  
**Malaysia**  
**Singapore**  
**Thailand**  
**United Kingdom**  
**United States of America**

Mastek Limited - Corporate Office  
#106, SDF IV,  
SEEPZ, Andheri (East),  
Mumbai 400 096,  
India