Mastek Arabia FZ-LLC

Financial Statements
For the year ended 31 March 2021

Mastek Arabia FZ-LLC
Financial Statements
For the year ended 31 March 2021

Table of contents

Director's report

The Director has the pleasure in submitting his report together with the audited financial statements of Mastek Arabia FZ-LLC ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Mastek Arabia FZ-LLC is engaged to provide software consultancy, customer service, developer, solution provider, support service provider and other related activities.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net loss of AED (1,637,077) for the year ended March 31, 2021 (2020: AED (630,719)).

2. Director

The Director of the Company during the year and to the date of this report is Mr. Abhishek Singh.

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved on November 17, 2021 by:

Abhishek

Mr. Abhishek Singh
Director

Dubai, United Arab Emirates

Grant Thornton

Grant Thornton Audit and Accounting Limited (Dubai Branch)

The Offices 5
Level 3
Office 303
One Central, DWTC
Dubai, UAE
P.O. Box 1620
T +971 4 388 9925
F +971 4 388 9915

Independent Auditor's Report
To the Shareholders of Mastek Arabia FZ-LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mastek Arabia FZ-LLC ("the Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 9, 2020.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Private Companies Regulations 2016 (as amended) issued by Dubai Development Authority (DDA), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Mastek Arabia FZ-LLC

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report
To the Shareholders of Mastek Arabia FZ-LLC

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

As required by Private Companies Regulations 2016 (as amended) issued by Dubai Development Authority (DDA), Dubai, United Arab Emirates, we confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company and the contents of the Director's report which relate to the financial statements agree with the Company's books of account. To the best of our knowledge and belief, no violations of above mentioned Law, of the Article of Association of the Company have occurred during the year ended March 31, 2021 which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton
P.O. Box: 1620
DUBAI-U.A.E.
Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, November 17, 2021

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 AED	2020 AED
ASSETS			
Non-current			
Property and equipment	6	**190,489**	168,202
Intangible asset	7	**159,966,394**	159,966,394
Investment in subsidiary companies	8	**39,894,000**	39,894,000
		200,050,883	200,028,596
Current			
Trade and other receivables	9	**26,769,555**	37,824,463
Cash and cash equivalents	10	**17,107,328**	7,711,140
		43,876,883	45,535,603
TOTAL ASSETS		**243,927,766**	245,564,199
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**238,229,738**	10,000
Share application money		**-**	238,219,738
Accumulated losses		**(2,267,795)**	(630,719)
Other comprehensive income		**294,062**	-
TOTAL EQUITY		**236,256,005**	237,599,019
LIABILITIES			
Non current			
Vehicle loan	12	**33,497**	58,485
Employee's end of service benefits	13	**901,999**	709,172
		935,496	767,657
Current			
Vehicle loan	12	**24,988**	23,397
Trade and other payables	14	**6,711,277**	7,174,126
		6,736,265	7,197,523
Total equity and liabilities		**243,927,766**	245,564,199

These financial statements for the year ended 31 March 2021 (including comparatives) were approved on 17 November 2021 by:

Mr. Sidhartha Agarwal
General Manager
Reading, United Kingdom

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
INCOME			
Revenue	15	20,455,245	1,951,443
Cost of sales	16	(20,197,118)	(2,569,862)
Gross profit		258,127	(618,419)
Administrative,selling and general expenses	17	(1,887,179)	(415,614)
Other income	18	305,190	437,217
Finance cost	19	(308,349)	(30,065)
Net loss before taxes for the year		(1,632,210)	(626,881)
Withholding taxes		(4,866)	(3,838)
Net loss for the year		(1,637,077)	(630,719)
Other comprehensive income (OCI)			
Defined benefit plan actuarial gain		294,062	-
Total other comprehensive loss for the year		294,062	-
Total comprehensive loss for the year		(1,343,015)	(630,719)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Share capital AED	Share application money AED	Accumulated losses AED	Other comprehensive income AED	Total equity
Share capital introduced	10,000	-	-	-	10,000
Share application money received	-	238,219,738	-	-	238,219,738
Total comprehensive loss for the year	-		(630,719)	-	(630,719)
Balance as at 31 March 2020	10,000	238,219,738	(630,719)	-	237,599,019
Shares issued during the year	238,219,738	(238,219,738)	-	-	-
Total comprehensive loss for the year	-	-	(1,637,077)	294,062	(1,637,077)
Balance as at 31 March 2021	**238,229,738**	**-**	**(2,267,795)**	**294,062**	**235,961,943**

The accompanying notes 1 - 26 form an intergral part of the financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
OPERATING ACTIVITIES			
Net loss for the year		**(1,637,077)**	(630,719)
Adjustment for:			
Depreciation		**69,548**	5,481
Bad debts written-off		**152,993**	-
Provison for bad debts		**(285,957)**	24,462
Extinguishment of liabilities		**-**	(434,892)
Recovery of bad debts written-off		**(45,482)**	-
Finance cost		**308,349**	30,065
Tax expense		**4,866**	3,838
Provision for employees' end of service benefits		**497,329**	709,172
Operating cash flows before working capital changes		**(935,430)**	(292,592)
Net changes in working capital			
Trade and other receivables		**11,187,872**	(37,414,033)
Trade and other payables		**(422,233)**	7,170,289
Employee's end of service benefits paid		**(10,440)**	-
Net cash generated from operating activities		**9,819,769**	(30,536,336)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(91,835)**	(173,683)
Investment in subsidiary		**-**	(39,894,000)
Purchase of intangible asset		**-**	(159,966,394)
Net cash used in investing activities		**(91,835)**	(200,034,077)
FINANCING ACTIVITIES			
Share application money received		**-**	238,229,738
Finance cost paid		**(308,349)**	(30,065)
(Repayment)/availment of vehicle loan		**(23,397)**	81,882
Net cash (used in)/from financing activities		**(331,746)**	238,281,555
Net change in cash and cash equivalent		**9,396,187**	7,711,142
Cash and cash equivalents, beginning of the year		**7,711,142**	-
Cash and cash equivalents, end of the year		**17,107,329**	7,711,142

The accompanying notes 1 - 26 form an intergral part of the financial statements

1. Legal status and business activity

MASTEK ARABIA FZ-LLC ("The Company") is a free zone company with limited liability, company incorporated on 03 March 2020 with the Dubai Development Authority, Dubai, U.A.E. under commercial license no. 97085.

The company is registered and engaged to provide information technology consultancy and onshore and offshore oil and gas fields and facilities services.

These financial statements are not the consolidated financial statements and do not include the assets, liabilities and results of the operations of its subsidiary companies, Evolutionary Systems Bahrain S.P.C., (Kingdom of Bahrain) and Evolutionary Systems Saudi LLC, (Kingdom of Saudi Arabia), Evosys Kuwait Designing & Development LLC, (Kuwait), Evolutionary Systems Consultancy (Abu Dhabi, U.A.E.) and Evolutionary System Egypt LLC, (Egypt). The consolidated financial statements of the group are prepared by the ultimate parent company, Mastek Limited, India.

During the previous period, the company had entered into Business Transfer Agreement (`BTA') with Evolutionary Systems Arabia FZ LLC dated 8th February 2020 to purchase entire business from Evolutionary Systems Arabia FZ LLC on slump sale basis for a lump sum consideration of USD 64.90 million without values being assigned to individual assets and liabilities together with all the tangible and intangible assets, relating thereto with a view that the company will carry on the MENA Region Business and the Business Undertaking as a going concern from BTA Closing date. The right of the company to assume rights and obligations from the Seller (the Evolutionary System Arabia FZ LLC) in BTA is effective from 1st February 2020 but the company has exercised rights effective 1st March 2020. Accordingly, accounting treatment of the 'BTA' was executed on I March 2020 (opening hours) between the Company and Evolutionary Systems Arabia FL LLC. As a result, the assets and liabilities covered by BTA and the operation of the Evolutionary Systems Arabia FZ LLC was transferred to the company effective 1st March 2020 (opening hours). The company has also acquired 5 subsidiaries in MENA region by virtue of BTA.

2. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB).

3. Standards, interpretations, and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2021

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

3. Standards, interpretations, and amendments to existing standards (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company:

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Summary of significant accounting policies

a) Overall considerations

The significant accounting policies which have been used in the preparation of these financial statements and have been applied consistently throughout the periods presented and are summarised below. These financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

b) Foreign currency

Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4. Summary of significant accounting policies (continued)

c) Financial instruments

Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument, All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include accounts receivables, other current financial assets and cash and cash equivalents. Due to the short-term nature of current receivables, their carrying amounts are considered to be the same as their fair values.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

4. Summary of significant accounting policies (continued)

c) Financial instruments (continued)

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The company's financial liabilities include accounts and other payables. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short-term nature.

Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is dereeognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4. Summary of significant accounting policies (continued)

c) Financial instruments (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months.

- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Accounts receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer, If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier), Contract liabilities are recognised as revenue when the Company performs under the contract.

4. Summary of significant accounting policies (continued)

d) Unbilled revenue

Unbilled revenue is booked to match costs incurred during the year on the projects, where milestone billings are not achieved.

When costs are incurred but invoices cannot be raised till the next billing cycle of that project, proportionate income, based on percentage of completed milestone, is booked as the revenue for the year and taken to the income statement with the corresponding receivable being shown as unbilled revenue.

e) Provision

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

f) Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

g) Value Added Tax

The revenue, expenses and assets are recognised net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, FTA is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

h) Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases of office premise (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

4. Summary of significant accounting policies (continued)

i) Revenue recognition

The company is in the business of providing information technology consultancy and onshore and offshore oil and gas fields and facilities services.

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied and revenue is recognized, either overtime or at a point in time.

Unbilled revenue on customer contracts, contract assets under IFRS 15, Revenue from contracts with customers, relates to conditional rights to consideration for satisfied performance obligations of contracts with customers. Trade receivables are recognized when the right to consideration becomes unconditional.

Deferred revenue, contract liabilities under 1FRS 15, relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Services

The Company recognizes revenue from services on a percentage of completion method.

Performance obligations for services on a percentage of cost completion basis are typically satisfied over time as services are rendered. In contracts where the Company is not entitled to payment until the performance obligations are satisfied, revenue is recognized at the time the services are delivered. At contract inception, the Company expects that the period between when the Company transfers control of a promised service to a customer and when the customer pays for that service will be one year or less. As a practical expedient, the consideration is not adjusted for the effects of a significant financing component.

Revenue is recognized based on the extent of progress towards completion of the performance obligation, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognized on the basis of time and cost incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognized for services performed to date based on contracted rates and/or milestones that correspond to the amount the Company is entitled to invoice.

Estimates of Revenue, Cost or extent of progress toward completion are revised if circumstance changes. Any resulting increases or decreases in estimated revenue and costs are reflected in profit and loss in the period in which the circumstances that give rise to the revision become known by management,

The amount of revenue is shown as net of discounts and other similar obligations as per the performance obligations determined as per the provisions of the contracts with customers.

j) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

4. Summary of significant accounting policies (continued)

k) Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write-down the cost less estimated residual value of property and equipment. The estimated useful life is 4 years.

l) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior periods' retained profits and losses.

Statutory reserve is created in accordance with UAE Federal Law No. (2) of 2015.

m) Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

n) Investment in subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

- The Investor has power over the investee
- It is exposed to rights of variable returns and
- It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiaries is stated at cost less provision for impairment if any.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

4. Summary of significant accounting policies (continued)

o) Intangible asset

Intangible asset represents goodwill for the excess of the purchase price over the fair value of identifiable tangible and intangible assets and liabilities of the business acquired.

Intangible assets with indefinite useful lives are stated at cost less impairment, if any and are not amortized. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount. Such impairment losses are reported in the statement of comprehensive income.

5. Significant management judgment in applying accounting policies

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for expected credit losses of trade receivables and contract assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5. Significant management judgment in applying accounting policies (continued)

Key sources of estimation uncertainty and assumptions (continued)

Unbilled revenue

Where the outcome of a contract can be estimated reliably, contract revenue and costs re recognized by reference to the stage of completion. The management makes estimates of the cost incurred, to the extent of the revenue recognized and makes provision for unbilled revenue or excess billings on the basis of actual revenue recognized on those contracts. Since the percentage of completion method uses current estimates of contract revenue and expenses, it is normal to encounter changes in estimates of contract revenue and costs.

Revenue recognition

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cot on a contract reflect management's current best estimate of the probable future benefits and obligations associates with the contract.

Although the company makes individual assessments on contract on a regular basis, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

6 Property and equipment

	Furniture and office equipments AED	Vehicles AED	Total AED
Cost:			
On account of acquisition	895,633	249,473	1,145,106
Additions during the year	4,484	-	4,484
Balance at March 31, 2020	900,117	249,473	1,149,590
Additions during the year	91,835	-	91,835
Balance at 31 March 2021	**991,952**	**249,473**	**1,241,425**
Accumulated depreciation			
On account of acquisition	813,001	162,949	975,950
Charge during the year (note 17)	3,219	2,219	5,438
Balance at 31 March 2020	816,220	165,168	981,388
Charge during the year (note 17)	42,920	26,628	69,548
Balance at 31 March 2021	**859,140**	**191,796**	**1,050,936**
Net carrying amount			
Balance at 31 March 2021	**132,812**	**57,677**	**190,489**
Balance at 31 March 2020	83,897	84,305	168,202

7 Intangible asset

	2021 AED	2020 AED
Goodwill		
On acquisition of business of Evolutionary System Arabia FZ LLC	**159,966,394**	159,966,394

The Company entered into Business Transfer Agreement ("BTA") with Evolutionary Systems Arabia FZ LLC dated February 8, 2020 to purchase entire business under a slump sale arrangement.

The right of the company to assume rights and obligations from the Seller (Evolutionary Systems Arabia FZ LLC) as per BTA was effective from February 1, 2020 but the Company exercised its rights effective March 1, 2020. Accordingly, accounting treatment of the `BTA' was executed on March 1, 2020 (opening hours) between the Company and Evolutionary Systems Arabia FZ LLC. The transfer of Business to the company was subject to the satisfaction of conditions precedent as stipulated in the BTA.

Assets and liabilities of business (as listed below) covered by the BTA are transferred as on March 1, 2020 (opening hours). The total consideration agreed as per BTA of AED 237,811,888 was paid through bank.

The statement showing computation of goodwill as on March 31, 2020 is as under:

		AED
Total consideration paid by the Company		237,811,888
Less: attributable to the acquisition of subsidiaries (as per BTA)		(39,894,000)
	A	**197,917,888**
Less:		
Recognised amounts of identifiable net assets		
Non-current assets		169,156
Current assets		53,488,792
Non-current liabilities		(770,453)
Current liabilities		(14,936,001)
Net assets	B	**37,951,494**
Goodwill on acquisition of business of Evolutionary System Arabia FZ LLC	A-B	**159,966,394**

Goodwill is tested for impairment at least annually or whenever there is an indication that goodwill may be impaired. Considering the recent acquisition of business effective March 1, 2020 and looking at future plan for business, the management is of opinion that the recoverable value (as assessed by the management) approximate to the carrying value of goodwill. Hence, no impairment in required in the carrying value of goodwill. Hence, no no impairment is recorded in respect of goodwill as on March 31, 2021.

	2021 AED	2020 AED
8 Investment in subsidiary companies		
Evolutionary Systems Bahrain S.P.C - (refer note "a" below)	**4,026,000**	4,026,000
Evolutionary Systems Saudi LLC - (refer note "b" below)	**22,326,000**	22,326,000
Evolutionary Kuwait Designing & Development LLC - (refer note "c" below)	**5,490,000**	5,490,000
Evolutionary Systems Consultancy LLC - (refer note "d" below)	**6,954,000**	6,954,000
Evolutionary Systems Egypt LLC - (refer note "e" below)	**1,098,000**	1,098,000
	39,894,000	39,894,000

a) Represents amount paid for purchase of 100% interest (50 shares of value BD 50,000/-) in a subsidiary company, .Evolutionary Systems Bahrain S.P.C., a limited liability company registered in Kingdom of Bahrain.

b) Represents amount paid for purchase of 50% interest (50 shares of value SAR 250,000/-) in a subsidiary company, Evolutionary Systems Saudi LLC, a limited liability company registered in Kingdom of Saudi Arabia.

c) Represents amount paid for purchase of 49% interest (49 shares of value of KD 9,800/-) in a subsidiary company, Evolutionary Kuwait Designing & Development LLC, a limited liability company registered in Kuwait.

d) Represents amount paid for purchase of 49% interest (49 shares of value of AED 73,500/-) in a subsidiary company, Evolutionary Systems Consultancy LLC, a limited liability company registered in Abu Dhabi, U.A,E.

e) Represents amount paid for purchase of 100% interest (100 shares of value EGP 5,000/-) in a subsidiary company, Evolutionary Systems Egypt LLC, a limited liability company registered in Egypt.

	2021 AED	2020 AED
9 Trade and other receivables		
Financial assets		
Trade receivables	**24,884,432**	34,352,497
Less:Provision for doubtful debts	**(1,670,191)**	(1,956,148)
Trade receivables, net	**23,214,241**	32,396,349
Contract asset	**2,897,959**	4,637,615
Deposits	**66,304**	57,732
Advances to staff and other receivables	**80,444**	324,906
	26,258,948	37,416,602
Non-financial asset		
Prepayments	**510,607**	407,861
	510,607	407,861
	26,769,555	37,824,463
Movement of provision for doubful debts :		
As at April 1,/March 1, 2020	**1,956,148**	1,931,686
Reversal for the year	**(285,957)**	24,462
As at March 31,	**1,670,191**	1,956,148

10 Cash and cash equivalents

	2021 AED	2020 AED
Cash on hand	**204,615**	236,431
Cash at bank:		
In current accounts	**7,545,541**	2,040,283
In margin accounts	**2,993,606**	1,402,652
In time deposit accounts	**6,611,706**	6,344,172
	17,355,468	10,023,538
Book overdraft	**(248,140)**	(2,312,398)
	17,107,328	7,711,140

11 Share capital

	2021 AED	2020 AED
Authorised and issued 238,230 (2020: 10) shares of AED 1,000 each	**238,229,738**	10,000
	238,229,738	10,000

Name of Shareholders	% Holding	2021 AED	2020 AED
Mastek UK Ltd	100%	**238,229,738**	10,000
	100%	**238,229,738**	10,000

12 Vehicle loan

	2021 AED	2020 AED
Short term portion	**24,988**	23,397
Long term portion	**33,497**	58,485
	58,485	81,882

13 Employee's end of service benefits

	2021 AED	2020 AED
As a April 1,	**709,172**	423,104
Charge for the year	**497,329**	286,068
Defined benefit plan actuarial gain	**(294,062)**	-
Payments during the year	**10,440**	-
As a March 31,	**901,999**	709,172

13 Employee's end of service benefits (continued)

	2021 AED	2020 AED
Projected Benefit Obligation	**901,999**	709,172
Current Liability	**77,729**	64,330
Non-Current Liability	**824,270**	644,842

Defined benefit plan- Gratuity plan

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The assumptions used for the valuation of the defined benefit obligation are as follows:

Valuation Assumptions:
i)Financial Assumptions:

	2021 AED	2020 AED
Discount rate (p.a)	**2.52%**	2.90%
Salary escalation rate (p.a.)	**4.00%**	4.00%

a) Discount Rate:

The discount rate used for the purposes of this exercise has been based on US corporate bond yields, which is taken as a proxy for UAE Corporate bond yields, for corresponding tenure of the obligation.

b) Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

ii)Demographic Assumptions:

a) Retirement Age:
The employees of the Company are assumed to retire at the age of 60 years.

b) Mortality:

	Age	Rate
In the absence of availability of mortality rates based on the UAE Lives, as a proxy, we have used mortality rates based on Saudi Arabia lives. Published Saudi Arabia mortality rates tables at specimen ages.	18	0.00075
	23	0.00075
	28	0.00075
	33	0.00075
	38	0.00075
	43	0.00075
	48	0.0015
	53	0.003
	58	0.00525

c) Leaving Service:
We have assumed 10% per annum withdrawal rate at all ages in this valuation.

13 Employee's end of service benefits (continued)

d) Disability:

Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (e) above).

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each period-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience. The present value of the DBO was measured using the projected unit credit method.

14 Trade and other payables

	2021 AED	2020 AED
Financial liabilities		
Trade payables	**1,706,908**	1,641,920
Payable to staffs	**192,787**	396,829
Payable for professional fees	**2,379,000**	2,673,162
Other payables	**1,649,219**	745,366
Payable for leave salary	**109,675**	52,724
	6,037,589	5,510,001
Non-financial liabilities		
Deferred revenue	**613,114**	1,197,707
Other payables	**60,574**	466,418
	673,688	1,664,125
	6,711,277	**7,174,126**

15 Revenue	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Information technology services	**20,455,245**	1,951,443
	20,455,245	1,951,443
Disaggregation of revenue by geographical market:		
Kingdom of Saudi Arabia	**11,269,025**	74,834
United Arab Emirates	**6,827,120**	1,755,846
Bahrain	**1,817,814**	120,763
Uganda	**494,547**	-
Others	**46,739**	-
	2,359,100	**120,763**

16 Cost of sales	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Salary to staff	**9,498,817**	850,193
Professional fees expense	**8,148,472**	1,051,793
Allowance expense	**1,921,299**	415,846
Others	**628,530**	252,030
	20,197,118	2,569,862

17 Administrative, selling and general expenses	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Travel expenses	**485,074**	156,529
Insurance expense	**353,576**	23,437
Office rent expense	**237,980**	18,166
Salary and benefits	**205,081**	44,501
Legal and professional expense	**183,244**	38,217
Postage and communication	**81,287**	17,913
Depreciation (Note 6)	**69,548**	5,481
Printing and stationery	**10,345**	759
Forex fluctuation	**48,891**	59,767
Bad debts written-off	**152,993**	-
(Reversal)/provision for doubtful debts	**(285,957)**	24,462
Other administrative costs	**345,116**	26,383
	1,887,179	415,614

Notes to the financial statements (continued)
For the year ended 31 March 2021

18 Other income	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Extinguishment of liabilities	-	434,892
Recovery of bad debts	45,482	-
Interest on fixed deposit	27,589	2,325
Client reimbursement	161,809	-
Other income	70,311	-
	305,190	437,217

19 Finance costs	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Bank guarantee charges	303,196	29,626
Interest on vehicle loan	4,707	439
Interest expenses	446	-
	308,349	30,065

20 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The related parties and its relationships are as under-

a) Shareholder

Mastek (UK) Ltd., U.K

b) Companies under common management and control

Evolutionary Systems Private Limited, India
Evolutionary Systems Corporation, US.A.
Evolutionary Systems Singapore PTE Ltd
Evolutionary Systems Pty Ltd, Australia
Evolutionary Systems Limited, UK
Mastek Limited, India
Evolutionary Systems Qatar W.L.L., Qatar

c) Subsidiaries

Evolutionary Systems Saudi LLC, KSA
Evolutionary Systems Bahrain S.P.C., Bahrain
Evosys Kuwait Designing & Development LLC., Kuwait
Evolutionary Systems Egypt LLC., Egypt
Evolutionary Systems Consultancy LLC, Abu Dhabi, U.A.E

The nature of significant related party transactions and the amounts involved are as under:

	Shareholder	**Companies under common management**	**Subsidiaries**	**2021**
	AED	AED	AED	AED
Cost of revenue	-	6,050,223	-	6,050,223
Revenue	-	-	11,981,218	11,981,218
Cost of sales	-	686,329	-	686,329

20 Related party transactions (continued)

As of the reporting date, balance with related parties, were as follows:

	Shareholder	Companies under common management	Subsidiaries	2021
	AED	AED	AED	AED
2021				
Investment in subsidiaries	-	-	39,894,000	39,894,000
Trade receivables	-	1,084,433	18,107,418	19,191,851
Other receivables	-	-	-	-
Trade payables	-	1,388,832	-	1,388,832
2020				
Investment in subsidiaries	-	-	39,894,000	39,894,000
Trade receivables	-	6,894,368	3,414,200	10,308,568
Other receivables	10,000	-	-	10,000
Trade payables	-	1,235,705	-	1,235,705

subsidiaries) are outstanding for more than 1 years which are considered good and recoverable by the management. As the management is hopeful of recovering the fill amount no provision fir doubtful debts is made against this old amounts.

Key management personnel compensation

Key management personnel of the Company are the Directors of the Company. During the year, the key management personnel compensation was paid by a related party and was not recharged to the Company.

21 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.
The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.
The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
The Company is not exposed to interest rate risk since the Company does not have any interest-bearing assets and liabilities.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
Most of the Company's transactions are carried out in AED and US Dollars (USD). AED is effectively pegged to the USD thus any balances in USD do not represent significant currency risk. As at year end, the Company does not have any financial instruments denominated in currencies other than AED.

Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as summarised below:

	2021	2020
	AED	AED
Trade and other receivables	**26,258,948**	37,416,602
Cash at bank	**17,150,853**	9,787,107
	43,409,802	47,203,708

Cash at bank:
The company's bank balances in current accounts, margin and time deposits accounts are placed with high credit quality financial institutions

Trade and other receivables:
The significant concentration of credit risk from accounts receivables (other than related parties) situated within U.A.E. amounted to AED 3,206,702/- due from a customer.
There is no significant concentration of credit risk from accounts receivables (other than related parties) situated outside U.A.E. and outside the industry in which the company operates.

21 Financial instruments risk (continued)

Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs are identified monthly.

The following are the contractual maturities of the company's financial liabilities as of March 31, 2021.

	Payable within next 12 months AED	Payable after 12 months AED	Total AED
2021			
Trade and other payables (note 14)	6,037,589	-	**6,037,589**
Vehicle loan (note 12)	24,988	33,497	**58,484**
2020			
Trade and other payables (note 14)	5,510,001	-	5,510,001
Vehicle loan (note 12)	23,397	58,485	81,882

22 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, are presented below:

level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

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

level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the companies' financial assets comprising of accounts and other receivables, prepayments and bank balance and financial liabilities comprising of accounts and other payables that approximate to their carrying values.

23 Capital management policies and procedures

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

24 Contingent liability

	2021 AED	2020 AED
Letters of performance guarantee	**5,388,683**	3,607,858

25 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

26 Significant events

The Company has assessed the impact of Covid-19 Pandemic on its operations as well as financial reporting process, including but not limited to the areas of financial controls, credit risk, effectiveness of hedge relationship, goodwill, impairment of financial and non-financial assets, and Cyber security pertaining to the remote access of information for the year ended 31 March 2021 and up to the date of approval of financial statements. While assessing the impact, Company has considered all internal and external sources of information like industry reports, economic forecast, credit reports and company's business forecast basis the global economic consensus. Further, there have been no material changes in the financial control/process followed by the company. However, the impact of COVID-19 may be different from that estimated as on the date of approval of these financial statements and the Company will continue to closely monitor any material changes to the business due to future economic conditions.