



Delivering Digital - It's in our DNA

**ANNUAL REPORT
2016-2017**



34%

545654





It's in our DNA



Page 11 - **Managing Director's Letter To Shareholders**

We've come a long way, just like the technology solutions that we build. Evolving over the course of three decades from an offshore IT provider - today we are an agile, digital transformation partner with a portfolio of leading companies, engineering excellence for customers globally.

We've been there, done that, addressing challenging business requirements with scalable solutions. Ensuring that we stay ahead, we align our business model with the digital market needs.

We have capitalised on our innovative approach, working on large complex programmes, and yet we have consistently adhered to our core ideals whilst enabling large scale business change programs. Ideals that include:

- Building an evergreen institution
- Delivering win-win outcomes for all
- Accepting 100 percent ownership
- Encouraging a collaborative culture

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Aligning toward a tech-savvy populace

Mastek is big enough to deliver large scale solutions, yet small enough to care and deliver innovation and value. With the world already going heavily digital, where everyone is a digital expert, we are positioned to be the digital 'expert's expert'.



The last two years have seen paradigm shifts in the digital space globally as well as locally. Big Data and analytics, Artificial Intelligence and Robotics – these common technologies sounded far-fetched only 5 years ago, and yet are being commonly used and offered to customers today. The Internet of Things has forever changed the landscape of how we interact with products and applications. The pace and scale of online service companies is a sign of things to come, where every consumer is comfortable with technology and more importantly, expects high technology from companies. Customers today are adept at using Whatsapp, Facebook Messenger, Instagram, Amazon, Flipkart, AirBnB, Uber, iCloud and Google Drive, and can even discuss technical specifications with an awareness and understanding that, a mere decade ago, was reserved for engineers and geeks.

The IT services market has thus undergone a radical transformation from providing simple data analysis and technical support to providing unique solutions that are created in synergy with customers to provide growth in value, not just revenue. In this complex landscape, the role of IT has vastly changed and its importance increased. It is now more challenging to provide solutions to what were simpler problems earlier, such as cost reduction, transformation of legacy systems, security data, cyber security and so on. According to the study done by Gartner, 60% to 70% of Digital Transformation programs still fail.

This is where huge potential still lies, and this is the sweet spot where Mastek sits. Mastek is big enough to deliver large scale solutions, yet small enough to care and deliver innovation and value. With the world already going heavily digital, and where everyone is a digital expert, we are positioned to be the digital 'expert's expert'. We take the stand of being full stakeholders in our clients' businesses and fulfil their digital visions. And to support this position, we not only have a track record of successful implementations, but also concrete plans and innovative strategies that ensure successful solutions in terms of People, Processes, and Technology for the times to come.



COMMUNICATION



Three globe icons (North America, Africa, Europe).
A row of 10 human figures.
A row of 10 stars.



*In today's world, there are “early adopters”,
and then there are visionaries*



It also means, in the words of Her Majesty's Government of the United Kingdom “... Digital services that are so convenient and straightforward that all those who can use them will choose to do so.”

At Mastek, we take the term “Digital Enterprises” to heart. To us, it means deeper interactions with our customers, beyond mere efficient implementation or timely delivery. Customised and personalised offerings and interactions, data-driven decision-making, organisational models and processes that are responsive to changes in the business environment are just some of the ways we are partnering with our clients and their customers to provide “unique” solutions.

It also means, in the words of Her Majesty's Government of the United Kingdom (who is one of our important clients), “... Digital services that are so straightforward and convenient that all those who can use them will choose to do so.”

“Customer convenience is key,” says SpecSavers, another of our clients. “Today, eight out of ten adults across our markets are online and expect to be digitally supported.”



Visionaries don't just envision, they also bring to life what others can only dream of



As we all know, technology alone doesn't deliver transformation. What one needs is total alignment and commitment from all stakeholders in making a digital vision come true – in spite of the dilemma that an enterprise must 'maintain reliability to ensure customer experience, uptime, performance, security and compliance, while also seeking agility to increase release velocity, enter new markets, and remain competitive' (as quoted in ITBusinessEdge).

TAISTech: The Latest Feather in our cap!

TAISTech is well recognised as a leader in the digital commerce segment. They have experience with some of the most powerful brands in the retail and manufacturing business, including Fortune 500 customers. They provide a wide range of services including strategic consulting, large-scale commerce

This acquisition not only helps Mastek accelerate our growth into the US market, but also allows us to provide a wider array of service offerings using TAISTech's expertise in personalised customer buying experience.

implementations and support for Oracle Commerce and Oracle Commerce Cloud applications, as well as omnichannel strategy, creative design, mobile app development and ongoing maintenance and training.

For Mastek, this acquisition represents a significant leap forward in our capability portfolio, while also enhancing TAISTech's capabilities by leveraging our strengths in Data Warehousing, Business Intelligence and Analytics, Enterprise Testing, and Agile Process Consultancy Services.

This acquisition not only helps Mastek accelerate our growth into the US market, but also allows us to provide a wider array of service offerings using TAISTech's expertise in personalised customer buying experience across web, mobile, social media, and brick-and-mortar stores.

This acquisition will augment our Vision 2020 program to be a global leader in digital transformation services, and will provide the much-needed scale to compete and win large-scale transformation programs from both existing clients as well as new markets.



monetary dynamics

monetary statistik

USD

Monetary 1

Monetary 2



And how do we ensure our company retains the position as "digital experts"?

Mastek is reconfiguring its assets to become and remain the "Digital Experts". As part of our Vision 2020 initiative, we are focusing on six service lines within which we are building capabilities.

1. Agile Consulting:

Through our Agile Consulting business IndigoBlue, we enable businesses to optimise the delivery of digital change by taking an incremental approach. Since we are recognised leaders in working with complex environments where new and innovative systems coexist with large legacy systems, our approach means that our clients achieve self-sufficiency significantly earlier than anticipated.

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2. Assurance and Testing:

With a strong base of 40% ISTQB certified professionals and over 70% Agile certified testers, who are also domain experts, we offer our clients the optimal mix of traditional and next-generation testing solutions. We have demonstrated up to 60% faster ROI, 30% cost savings and 25% reduction in resource time through our solutions.

3. Business Intelligence and Analytics:

Our consulting, assurance, engineering excellence and innovation services are designed to provide clients with practical solutions that deliver actionable insight. 'Our Think Big, Build Small' approach addresses near and long-term goals in a manner that delivers incremental benefits and mitigates risk early in the project life cycle.

4. Digital Commerce:

Through TAISTech, our digital commerce business, we help clients integrate strategy with design and technology to create end-to-end digital commerce solutions, and also help create seamless omnichannel experiences for their customers.

5. Application Development:

With a proven track record, we are the preferred partner for application development for the delivery of complex programmes. Using our REAL (Research, Envision, Actualise, Launch) approach, we enable businesses to break free of the traditional consultant vortex and focus on business and end-customer priorities. We also offer our clients innovative solution recommendations through our Tek@thons, born of our base of 1000+ multi-technology skill certified professionals, including 70% of whom are Agile certified.

6. Application Support and Maintenance:

We have over 15 years of experience in delivering next generation service management solutions and leverage the best of ITIL, Agile and DevOps processes. We provide services such as Service Transformation Consulting, Agile Service Management, Application Portfolio Rationalisation, IT Value Enhancement, along with other Levels 1, 2 and 3 solutions. We also provide Level 4 support for application maintenance and help achieve cost reduction through transformational solutions for managing troubled applications.

Why do clients choose to work with Mastek?



Our focus is on building long-term relationships based on partnership and trust.

- We believe in creating a positive business impact for our clients.

Our customers love how we partner with them.

- Our customer satisfaction levels are exceptionally high.
- We are our partners' first choice for their new ventures.

"The development work Mastek is doing is greatly appreciated, as is the flexibility they have shown us."

Dan Beecham - CIO, Morrisons

We don't just do agile development – we are a dynamic and agile organisation.

- We believe 'command and control' is inefficient and unhelpful.

Mastek helped make us a more effective delivery outfit. Without Mastek we wouldn't be as agile as we are now."

Sam Rapley - Project Manager, Home Office

We're committed to engineering excellence and value.

- We craft insightful solutions because we believe it's unacceptable to deliver sub-par systems.

"Mastek adds value to our business. They are our key IT partner – now and in the long term."

Simon Carter - IT Director, Together

We know how to deliver software projects.

- We've delivered some of the largest, most complex software projects globally.
 - We are one of the few organisations in the world delivering large scale IT change using agile methods.
 - Our delivery track record has surpassed industry norms.
-

Managing Director's letter to shareholders



Dear Shareholders,

FY2017 was another successful year for Mastek where we continued to grow strategically and strengthened our capabilities for future growth.

We had started the year with the overhang of a set of troubled programs and poor profitability, but I am pleased to see the way

things have panned out through the year. We have resolved the issues relating to the troubled programs, thus improved the revenue and profitability momentum. We strengthened our leadership team with the appointment of John Owen as Group CEO to augment our execution capability especially from a sales and marketing perspective. I am excited to see that our revised strategy, Mastek's 2020 Vision, to be a global leader in digital transformation services has started impacting Mastek positively as we are integrating TAISTech with Mastek's operations and the intended synergies from this acquisition are starting to fall in place. We have continued our practice to consistently reward our shareholders. In FY2017, our total dividend payout was 70% (₹ 3.50 per share) including ₹ 2.50 per share proposed as final dividend.

For the financial year 2017, I am happy to report that our operating revenue stood at ₹ 562.5 crore as compared to ₹ 526.9 crore last year reflecting an increase of 6.7% in rupee terms and an increase of 17.4% in constant currency terms. We recorded a double-digit EBITDA margin of 10.9% with an EBITDA of ₹ 62.6 crore for the year in a challenging business environment. The net profit stood at ₹ 36.9 crore for FY2017 as against ₹ 13.7 crore for last year reflecting a growth of 168.6% in rupee terms. Our 12-month order backlog was ₹ 333.2 crore (₹ 41.2mn), including TAISTech as on 31st March 2017. We added 40 new clients in FY2017 with total active client count of 159 (including customers from the TAISTech acquisition) as of 31st March 2017. So, these metrics gives us a better visibility for next year in terms of both revenue and profitability.

As you all know that post demerger, we wanted to expand our business in the US. We had started Digility, but wanted to do a reasonably sized acquisition in the US, so in line with this thought we managed to acquire TAISTech, a digital commerce services leader around Oracle technology with focus on the Retail vertical. The acquisition has allowed us to leverage our global presence across key verticals and accelerate our expansion plan in the key markets we operate in. We see a lot of cross-sell, up-sell opportunities between the TAISTech customer base and Mastek's capabilities going forward. This acquisition offers us an opportunity to extend our Digital Commerce capability footprint and further differentiate our service offerings, providing the required scale to compete globally and

Managing Director's letter to shareholders

win large-scale transformation programs from our existing clients as well as new markets. We also appointed Madhu Kumar, as President and Head of North America for Digility operation to further strengthen our commitment of growing the US part of our business. During the year, Digility was recognized as one of CIO Review's 20 most promising financial services technology solution providers.

The UK continues to contribute bulk of our business. During the year, we saw some good deal wins especially in the government vertical on the back of synergies between IndigoBlue, a leading Agile program management consulting firm that Mastek UK acquired in 2015 and our own agile digital development and delivery that Mastek specializes in. While government business in the UK is a growing pie, the recent call for elections would stymie growth for an interim due to delay in decision making. In the long run, we are confident of scaling up our presence in the UK. The India business has remained steady and we have seen growth in line with our expectation which has enabled us to be at a marginal profit as opposed to the past where it used to make losses.

Revenue by region was aided by our US acquisition's revenue reflected in Q4FY17 which resulted 10% of our revenue coming from North America, 84% came from UK, and others which include India was 6%. From verticals perspective, we saw significant movement as revenue from Government contributed 42.5%, Retail revenue was at 21.9% driven by addition of Taistech business, which is predominantly in Retail space, 23.7% came from Financial Services and 11.9% was from IT and other services for the year. So, overall the year ended was solid and in line with our expectations. A lot of effort has gone from the teams in terms of pulling of what were the individual strategic initiatives and we have seen all of them bear results.

Today, global economy is in the midst of major transformations, as heightened geopolitical, volatile currency market and policy change issues continues to impact the growth for most of the economies. This year we witnessed three major events - Brexit, a new US administration and Indian demonetisation - in the markets Mastek operates impacting the delay in client's decision. It has also placed the existing rigid infrastructures under huge pressure to adapt quickly, effectively and securely to

change. But, for agile companies like us, these changes create opportunities for businesses to build new value chains, serve new customers in different ways and leap frog traditional barriers to entry. It is an inevitable fact that digital technology is rapidly shifting from being a driver of marginal efficiency to an enabler of fundamental innovation and disruption. Digitalization is one of the most fundamental driver of transformation and at the same time a unique chance to shape future paradigms. Just as the steam engine and electrification revolutionized entire sectors of the economy from the 18th century onwards, so the Internet, robotics, artificial intelligence and data analytics are beginning to dramatically alter today's industries and societies. The pace of technological change is accelerating. The world around us is becoming ever more connected. Thus, to address this change, we have restated our 2020 mission which will enable us to transform this opportunities into wins and grow faster. We are well poised to become a global leader in digital transformation services and the acquisition of Taistech is in line with our aspiration. We will continue to invest in agile methodologies to remain focused on digital transformation and reposition as 'Digital Leader' offering digital solutions in niche areas.

I would like to conclude by saying that we are in a much better position now than we were at the beginning of fiscal 2017 both from a capability and from a performance and potential perspective. We see good growth momentum in our business and are confident of building on the momentum in the coming years.

I would like to thank our employees who rose to the challenge and helped to differentiate Mastek in the market, our customers whose continued to support us in our difficult periods, and our shareholders whose patience I believe has been rewarded. We are confident that the future will burn bright for Mastek.

Thanking You.



Sudhakar Ram,
Vice Chairman and Managing Director

Group CEO with Board of Directors



Left to Right



Mr. John Owen

Group CEO



Mr. Sudhakar Ram

Vice Chairman and
Managing Director



Mr. S Sandilya

Non-Executive Chairman
and Independent Director



Ms. Priti Rao

Non-Executive and
Independent Director



Mr. Ashank Desai

Non-Executive Director



Mr. Atul Kanagat

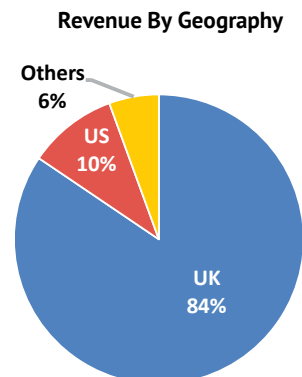
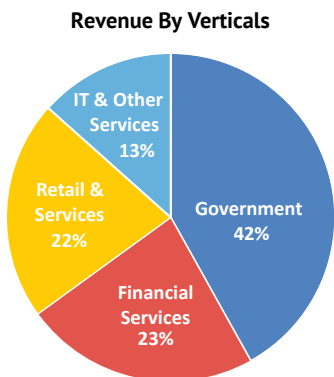
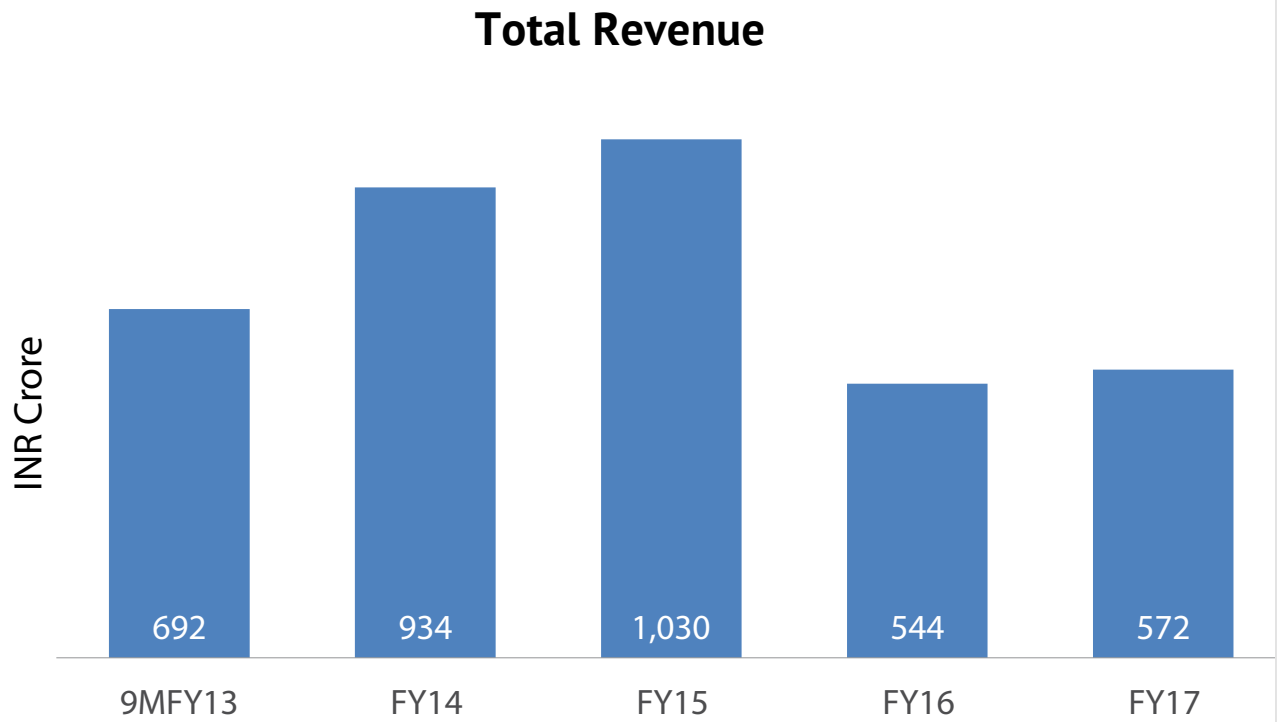
Non-Executive and
Independent Director



Mr. Keith Bogg

Non-Executive and
Independent Director

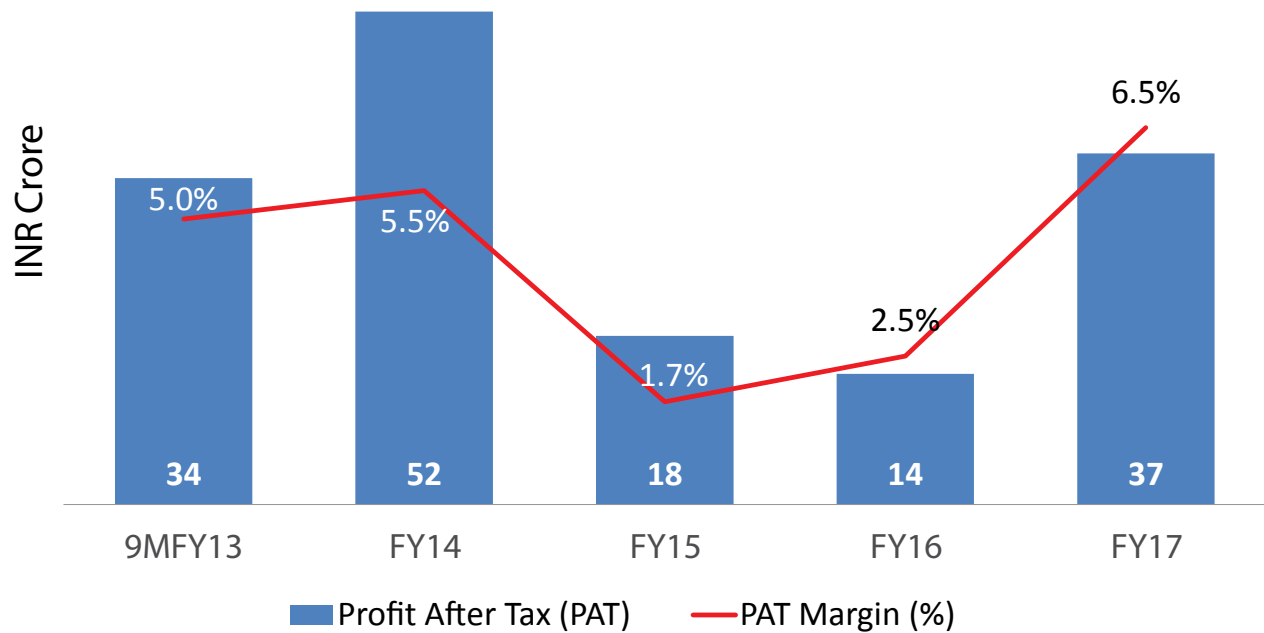
Performance Analysis



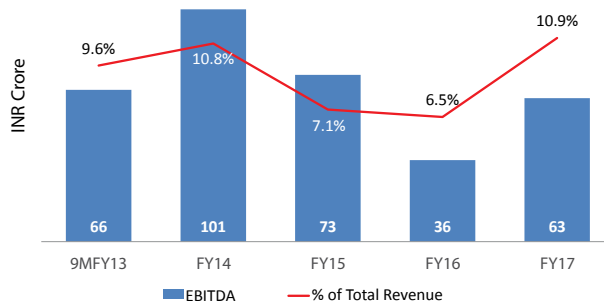
PLEASE NOTE THAT THE FIGURES FOR THE FINANCIAL YEAR ENDED MARCH 2017 AND MARCH 2016 ARE STRICTLY NOT COMPARABLE WITH EARLIER YEAR FIGURES DUE TO DEMERGER OF INSURANCE PRODUCTS AND SERVICES BUSINESS OF MASTEK LIMITED INTO MAJESCO LIMITED EFFECTIVE APRIL 1, 2014.

Performance Analysis

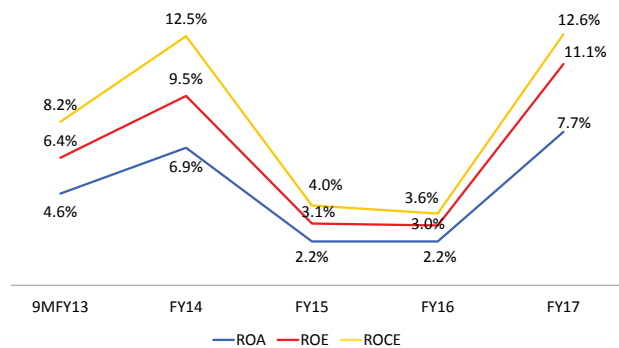
PAT Performance



EBITDA Performance

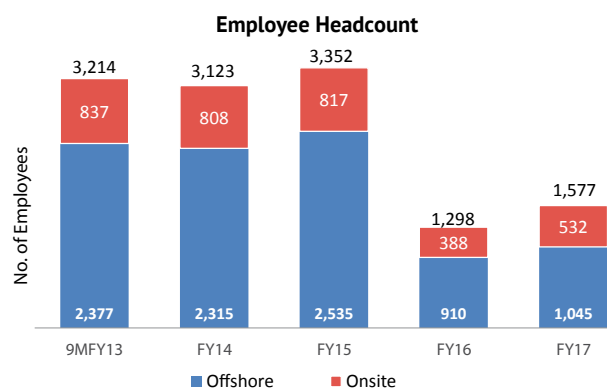
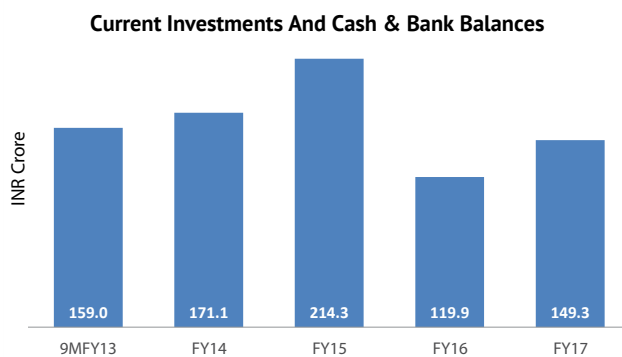
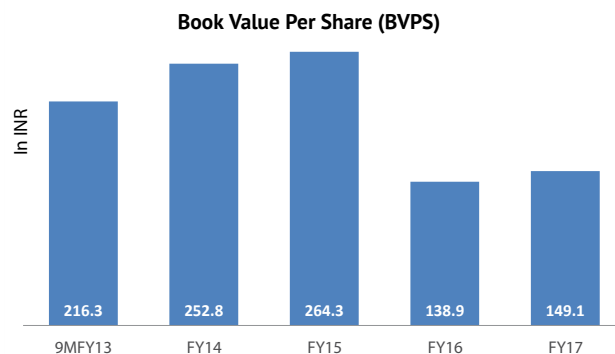
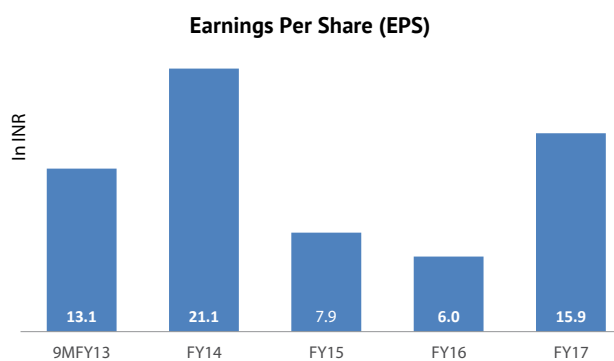


Return Ratios (%)



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Performance Analysis



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COMPANY INFORMATION

BANKERS

ICICI Bank Limited
Standard Chartered Bank
HDFC Bank Limited

COMPANY SECRETARY

Dinesh Kalani

AUDITORS

Price Waterhouse Chartered Accountants, LLP

REGISTERED OFFICE

804 / 805, President House, Opp. C N Vidyalaya,
Near Ambawadi Circle ,Ahmedabad – 380006
Gujarat, India
Phone: +91-79-2656-4337
Fax: +91-22-6695 1331
E mail: investor_grievances@mastek.com
Website: www.mastek.com

CORPORATE OFFICE

#106, SDF IV,
Seepz, Andheri (East),
Mumbai- 400096, India
Tel: +91 22 6722 4200
Fax: +91 22 6695 1331

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad - 500 032, Telangana.
Tel: +91 40 6716 1500 Fax: +91 40 2331 1968
E-Mail: einward.ris@karvy.com
Toll free no. 1-800-3454-001

CORPORATE IDENTIFICATION NUMBER (CIN)

L74140GJ1982PLC005215

35th Annual General Meeting to be held on Thursday, June 22, 2017

Map showing location of the venue of Annual General Meeting of Mastek Limited



Venue:

Ahmedabad Management Association,
H.T. Parekh Hall, AMA Complex, ATRA,
Dr. Vikram Sarabhai Marg, Ahmedabad 380015.

MASTEK LIMITED

Regd. Office: 804/805, President House, Opp. C. N. Vidyalaya, Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006;

CIN: L74140GJI982PLC005215, Website: www.mastek.com; Phone: +91-79-2656-4337; Fax: +91-22-6695 1331; E mail: investor_grievances@mastek.com

NOTICE TO MEMBERS

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of **MASTEK LIMITED (CIN: L74140GJI982PLC005215)** will be held on Thursday, June 22, 2017 at Ahmedabad Management Association, 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 Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend of ₹ 1 per Equity Share and declare a Final Dividend of ₹ 2.5 per Equity Share (Face Value of ₹ 5/- each) for the year 2016-17.
3. To appoint a Director in place of **Mr. Sudhakar Ram (DIN 00101473), an Executive/Non-Independent Director** who retires by rotation and being eligible, offers himself for re-appointment.

4. Appointment of Statutory Auditors

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Walker Chandok & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 001076N/N500013), be and are hereby appointed as the Statutory Auditors of the Company, (in place of M/s. Price Waterhouse Chartered Accountants LLP, the retiring Auditors) for a term of five years commencing from the financial year 2017-18, to hold office from the conclusion of the 35th Annual General Meeting until the conclusion of the 40th Annual General Meeting, to be held in 2022 (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus service taxes, out-of-pocket expenses, etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and/or Company Secretary be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

SPECIAL BUSINESS:

5. Appointment of Mr. Keith Selwyn Bogg: (DIN:07658511) as Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Keith Selwyn Bogg having Director Identification Number 07658511 who was appointed as an Additional Director of the Company, by the Board of Directors effective January 17, 2017 and who holds office till the date of 35th Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Keith Selwyn Bogg as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company with effect from January 17, 2017, to hold office up to January 16, 2022, not liable to retire by rotation. "

6. Re-appointment of Mr. Sudhakar Ram as Vice-Chairman & Managing Director of the Company

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

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provision of Section 196, 197, 198, 203 of the Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Schedule V and the other applicable provision and rules made thereunder, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act"), the relevant provision of the Memorandum and Articles of Association and subject to such other consents, approvals and permissions from Central Government or any other authorities, if any, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Sudhakar Ram (DIN: 00101473) as Vice Chairman & Managing Director of the Company for a period of three years with effect from July 01, 2017 up to June 30, 2020, upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Explanatory Statements annexed to this Notice and in the draft Agreement placed before the Meeting, duly initialled by the Company Secretary for the purpose of identification, which Agreement is hereby specifically sanctioned with authority to the Board of Directors (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the Board by this Resolution) to alter and vary, increase, enhance or widen the terms and conditions of the said Appointment and/or Agreement in such manner as it may deem fit and as may be agreed to between the Board of Directors and Mr. Sudhakar Ram.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and Schedule V of the Companies Act, 2013 the total overall managerial remuneration to be drawn by Mr. Sudhakar Ram from Mastek Limited and other Company where Mr. Sudhakar Ram is also a Managing Director, will not exceed the higher maximum limit admissible based on the financials of Mastek Limited, or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary of the Company, be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

7. Authority to the Board for giving loans and guarantees and making investment in securities

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

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase

or otherwise, the securities of any other body corporate, subject to the maximum limit of ₹ **250 crores (Rupees Two Hundred Fifty Crores only)** (Excluding the loans/ guarantees/ securities given or provided to wholly owned subsidiaries or joint venture companies, as the case may be, whether situated in India or abroad and investments made in wholly owned subsidiaries, whether situated in India or abroad) on such terms and conditions as the Board may deem fit and proper, notwithstanding the fact that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate alongwith the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, as mentioned above, exceeds the limits specified under Section 186(2) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised to take from time to time all decisions and such steps as may be necessary for giving loans, guarantees or providing securities or for making such investments and to execute such documents, deeds, writings, instruments, papers and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto and to settle any questions, difficulties or doubt that may arise in this regard."

8. Authority to the Board for Creation of Charge/Mortgage on the Assets of the Company, both present & future

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

"RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company under Section 293(1)(a) of the Companies Act, 1956 at the Annual General Meeting held on October 12, 1999 and subject to the provisions of Section 180(1)(a) of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and any other applicable provisions and rules, of the Companies Act, 2013, (including any statutory modification(s), amendments or re-enactment thereof, for the time being in force) and subject to the Memorandum and Articles of Association of the Company, the Members of the Company hereby approve, consent to and ratify the power of the Board of Directors of the Company (hereinafter referred to as the "Board" and which term shall be deemed to include any duly authorised committee(s) thereof, exercising for the time being, the powers conferred on the Board by this resolution), to create such charges, mortgages, hypothecations and pledges in addition to the existing charges, mortgages, hypothecations and pledges created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and substantial assets of the Company in certain events of default, in favour of the banks / financial institutions / NBFCs / lenders, other investing agencies and trustees for the holders of debentures / bonds and/or other securities / instruments to secure rupee / foreign currency loans and/or the issue of any securities / debentures whether partly / fully convertible or non-convertible and/or securities linked to ordinary shares and/or rupee / foreign currency convertible bonds / securities and/or bonds / securities with detachable share warrants and any other form of loan / borrowing of whatever nature or by whatever name called (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, for which such charges, mortgages or hypothecations are created, shall not, at any time exceed the limit of ₹ **250 crores (Rupees Two Hundred Fifty Crores only)**, or the aggregate of the paid up capital

and free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto, as it may deem fit, and to sign and to execute deeds, applications, documents, instrument and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and for matters concerned therewith or incidental thereto and to settle any questions, difficulties or doubt that may arise in this regard."

9. Authority to the Board for Borrowings to be made by the Company

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

"RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting held on October 12, 1999 and subject to the provisions of Section 180(1)(c) of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and any other applicable provisions and rules, of the Companies Act, 2013, (including any statutory modification(s), amendments or re-enactment thereof, for the time being in force) and subject to the Memorandum and Articles of Association of the Company, the Members of the Company hereby approve, consent to and ratify the power of the Board of Directors of the Company (hereinafter referred to as the "Board" and which term shall be deemed to include any duly authorised committee(s) thereof, exercising for the time being, the powers conferred on the Board by this resolution), for borrowing from time to time and in any manner, any sum or sums of monies, upon such terms and conditions, with or without security, as the Board may in its absolute discretion think fit, which together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of its paid-up share capital and free reserves, provided however that the total sums so borrowed and remaining outstanding on account of principal amount shall not, at any time, exceed of ₹ **250 crores (Rupees Two Hundred Fifty Crores only)** or the aggregate of paid-up share capital and free reserves, whichever is higher.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto, as it may deem fit, and to sign and to execute deeds, applications, documents, instruments, and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and for matters concerned therewith or incidental thereto and to settle any questions, difficulties or doubt that may arise in this regard."

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 i.e. **by 11 a.m. on June 20, 2017.**

- 2.** The respective Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business under Item Nos. 5 to 9 of the accompanying Notice are annexed hereto.
- 3.** A statement giving additional details of the Directors seeking appointment/re-appointment as set out in Resolution 5 and 6 is

NOTICE (Contd..)

- annexed herewith as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings.
4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other Member.
 5. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with the specimen signature(s) of their representative(s) who are authorized to attend and vote on their behalf at the Meeting.
 6. Members, Proxies and Authorized Representatives are requested to bring to the Meeting, the attendance slips enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID/Folio No., 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 Venue.
 7. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.
 8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company during business hours upto the date of the Meeting.
 9. The Register of Members and Share Transfer Books of the Company shall remain closed from **June 16, 2017 to June 22, 2017, both days inclusive**, for ascertain the eligibility for payment of final dividend, if declared at the Meeting.
 10. The Board of Directors of the Company at its meeting held on April 20, 2017 has recommended a dividend of ₹ 2.5/- per equity share (Face Value of ₹ 5/- each) as final dividend for the financial year 2016-17. Final dividend, if declared, at the Annual General Meeting, will be paid within 30 days to those members whose names appear on the register of members of the Company as of the end of the day on **June 15, 2017**. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owner of the shares as on **June 15, 2017**, as per the list provided by the Depositories for this purpose.
 11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, accordingly, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company / Registrar and Share Transfer Agent of the Company.
 12. 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:
**Karvy Computershare Private Limited
(Unit- Mastek Limited)**
Karvy Selenium Tower-B,
Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana.
Phone: Tel: +91 40 6716 1500 Fax: +91 40 2331 1968
E-Mail: einward.ris@karvy.com
Toll free no. 1-800-3454-001.
 13. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred on the due dates, the Unclaimed Final Dividend for the financial year ended June 30, 2009 and Interim Dividend for the financial year ended June 30, 2010 to the Investor Education and Protection Fund (IEPF) established by the Central Government.
 14. Members who have not yet en-cashed their Final Dividends for the financial year ended June 30, 2010 and thereafter are requested to make their claims to the Company/Registrar and Share Transfer Agent.
 15. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016('The Rules') notified by the Ministry of Corporate Affairs effective September 07, 2016 and as per the amendment made vide circular dated February 28, 2017, all underlying shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would liable to be transferred to the DEMAT Account of the IEPF Authority. The Company has also uploaded, full details of concerned shareholders whose dividend remained unclaimed on its website at www.mastek.com/investor-information. Concerned Shareholders are requested to refer and verify the details. Concerned Shareholders may further note that both the unclaimed dividend and corresponding underlying shares will be transferred to the DEMAT Account of the Authority including all benefits accruing on such underlying shares, if any. This can be claimed back from the IEPF Authority after following the procedure prescribed in the said Rules. Also as per the circular dated February 28, 2017 the due date of transfer of such shares shall be **May 31, 2017**. In case the Company or Registrar & Share Transfer Agent of the Company does not receive any communication from the concerned shareholders by due date or such other date as may be extended under the said Rules, the Company shall, with a view to complying with the requirements as set out in the Rules, will transfer the underlying shares to the DEMAT Account of the IEPF Authority by the due date as per the procedure stipulated in the Rules. In case the shareholders have any queries on the subject matter, they may contact the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited.
 16. Members holding shares in their single name/Physical Form are advised to make a nomination in respect of their shareholding in Company, the whilst those Members holding shares in demat mode should file their nomination with their Depository participant.
 17. 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 or with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company, for sending various notices, Annual Report and other documents through Electronic Mode.
Those members who have changed their e-mail Address are requested to register their New e-mail Address with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company in case the shares are held in physical form, and with the Depository Participant where shares are held in Demat mode.
 18. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to maintain Bank details of its Members for the purpose of payment of Dividends, etc. **Members are requested to register/update their bank details with the Company in case shares are held in physical form and with their Depository participants where shares are held in dematerialized mode to enable expeditious credit of the dividend into their respective Bank accounts electronically through the Automated Clearing House (ACH) mode.**
 19. Members may note that Annual Report for the financial year ended March 31, 2017 including Notice of the Thirty Fifth Annual General Meeting is also available on the Company's website at www.mastek.com/financial information for their download.

NOTICE (Contd..)

20. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at Annual General Meeting by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Thursday, June 15, 2017**, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at **9.00 a.m. on Sunday, June 18, 2017 and will end at 5.00 p.m. on Wednesday, June 21, 2017**. In addition, the facility for voting through electronic mode, an Instapoll voting system shall also be made available at the AGM venue and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM venue. The Company has appointed Mr. Abhishek Bhate, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

PROCEDURE FOR REMOTE E-VOTING

I. The Company has entered into an arrangement with M/s. Karvy Computershare Private Limited for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

(a) In case of Members receiving an e-mail from M/s. Karvy Computershare Private Limited:

- (i) Launch an internet browser and open <https://evoting.karvy.com>
- (ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (iii) After entering the above details Click on – Login.
- (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting Event.
- (vi) Select 'EVENT' of Mastek Limited and click on - Submit
- (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at pcsabhishekbhate@gmail.com. They may also upload the same

in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

(b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip

(i) Initial Password is provided, as follows, at the bottom of the Attendance Slip.

| EVEN | | |
|-------------------------|---------|----------|
| (E-Voting Event Number) | USER ID | PASSWORD |
| | | |

(ii) Please follow all steps from Sr. No. (i) to Sr. No. (x) mentioned above, to cast vote.

II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and e-voting user manual' available in the downloads section of M/s. Karvy Computershare Private Limited's e-voting website <https://evoting.karvy.com>.

III. The voting rights of the members shall be in proportion to the shares held by the members as on the **June 15, 2017 being the cut-off date**. Members are eligible to cast vote electronically only if they are holding shares as on that date.

IV. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at evoting@karvy.com or investor_grievances@mastek.com.

However, if you are already registered with M/s. Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/Password" option available on <https://evoting.karvy.com> or contact M/s. Karvy Computershare Private Limited at the following toll free no. 1-800-3454-001.

V. 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.

VI. 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 through the Instapoll facility, for all those members who are present at the AGM venue but have not cast their votes by availing the remote e-voting facility.

VII. 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 two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, and submit to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

VIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.mastek.com and on the website of Karvy Computershare Private Limited 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.

21. Member(s) can opt for only one mode of voting i.e. either through remote e-voting or Instapoll voting at the Annual General Meeting. In case a member has casted multiple votes, then voting done by

NOTICE (Contd..)

e-voting will be treated as valid.

22. The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of Remote E-Voting and voting held at the AGM.
23. Additional information on director recommended for appointment/re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meeting is as follows:

Item No.3 ,5 and 6:

| Name of the Director | Sudhakar Venkatraman Ram | Keith Selwyn Bogg |
|---|--|--|
| Director Identification Number (DIN) | 00101473 | 07658511 |
| Date of Birth | 08/09/1960 | 18/10/1948 |
| Nationality | Indian | British |
| Date of Appointment | 01/07/2014 | 17/01/2017 |
| Qualification | -Gold medallist in Commerce from Loyola College, Chennai. -PGDM from the Indian Institute of Management, Calcutta, graduating with a silver medal in 1982 | University of Hertfordshire, A level Economics |
| Expertise in specific functional areas | Mr. Ram has an experience in information technology and is an expert in the field of software and technology solutions for insurance, financial services and government, as well as outsourcing/off shoring. | Mr. Bogg is an experienced business change leader with a focus on strategy, restructuring, growth, direct marketing functions and shareholder value across industries. |
| Shareholding in Mastek | 27,91,680 (11.94%) | NIL |
| List of Directorships held in other Companies(excluding foreign, private and Section 8 Companies) | -Trans American Inforamtion Systems Private Limited -Cashless Technologies India Private Limited- Managing Director | NIL |
| Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including Mastek Limited | Mastek Limited -Stakeholders Relationship Committee – Member | Mastek Limited -Audit Committee – Member |
| No of Board Meetings attended during the year | 8 of 8 | 2 of 2 |
| Relationships between the Directors inter-se | Mr. Sudhakar Ram and Mr. Ashank Desai as Promoter Directors. | Nil |
| Remuneration Details | Refer Corporate Governance Report | Refer Corporate Governance Report |

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

Date: 20 April, 2017
Place: Mumbai
Regd. Office: 804/805, President House, Opp. C. N. Vidyalaya,
Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006

Dinesh Kalani
Company Secretary

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IS GIVEN BELOW.

ITEM NO. 4

This Explanatory statement is provided though strictly not required as per 102 of the Companies Act, 2013

M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N), Chartered Accountants were appointed as auditors at 32nd AGM held on July 23, 2014 for a period of three years. Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder M/s. Price Waterhouse Chartered Accountants LLP, the present Auditors of the Company complete their term as Auditors and in terms of their appointment made at the 32nd AGM, they are holding office of the auditors up to the conclusion of the 35th AGM and hence, would retire at the conclusion of the forthcoming 35th AGM. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor has completed two terms of five consecutive years. Also as per the provisions of the Companies Act, 2013 ('the Act'), no listed company shall appoint an audit firm (including its affiliate firms) as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014. M/s. Price Waterhouse Chartered Accountants LLP (along with its network Firms) have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. Price Waterhouse Chartered Accountants LLP, and its network Firms during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management, invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of business, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, the Audit Committee recommended M/s. Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), Mumbai as the Company's new Statutory Auditor.

M/s. Walker Chandiook & Co LLP (FRN 001076N/N500013), Chartered Accountants (the Firm) is an independent Indian Limited Liability Partnership firm established in 1935 with its head office at L-41, Connaught Circus, New Delhi- 110001. The firm provides audit, tax and advisory services through its 42 partners with 850+ staff from its offices in 11 cities, namely New Delhi, Mumbai, Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Kochi, Noida and Pune. The firm is registered with the Institute of Chartered Accountants of India (ICAI) as well as the PCAOB (US Public Company Accountancy Oversight Board).

M/s. Walker Chandiook & Co. LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, as per the said requirements of the Act, M/s. Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of this 35th Annual General Meeting (AGM) until the conclusion of the 40th AGM, to the Members for their approval and subject to ratification by members every year, as may be applicable.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for approval of the Members.

ITEM NO.5

The Board of Directors vide its resolution dated January 17, 2017, appointed Mr. Keith Selwyn Bogg as Additional Director of the Company with effect from January 17, 2017 pursuant to Section 161 of the Companies Act, 2013 read with Article 120 of the Articles of Association of the Company.

Mr. Keith Bogg is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. In terms of Section 160 of the Companies Act, 2013, the Company has received notice in writing from a member along with a deposit of ₹1 Lakh proposing his candidature to be appointed as Independent Director as per the provisions of Sections 149 and 152 of the Companies Act, 2013.

Mr. Keith Bogg has given a declaration to the Board of Directors of the Company that he meets the criteria of Independence as required under Section 149 of the Companies Act, 2013. In the opinion of the Board of Directors, Mr. Keith Bogg fulfils the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and rules made thereunder for his appointment as Independent Director of the Company and he is independent of the management of the Company.

Except Mr. Keith Bogg, being the appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution at Item No. 5 for approval of the Members.

ITEM NO. 6

Mr. Sudhakar Ram was appointed as the Managing Director & Group CEO of the Company for a period of 3 years i.e. from July 1, 2014 to June 30, 2017 vide shareholders' resolution dated July 23, 2014 and he was re-designated as Vice- Chairman & Managing Director of Mastek Limited effective November 01, 2016. On his relinquishing the position of Group CEO, he voluntarily offered to restructure his remuneration which was made effective from November 01, 2016. Now as his term expires on June 30, 2017, it is proposed to the Shareholders to consider and approve his re-appointment and terms and conditions including his remuneration as the "Vice- Chairman & Managing Director" of the Company for a further period of three years i.e. from July 1, 2017 to June 30, 2020.

Mr. Sudhakar Ram aged 56 years is a gold medallist in Commerce from Loyola College, Chennai. He did his PGDM from the Indian Institute of Management, Calcutta, graduating with a silver medal in 1982. Mr. Sudhakar Ram was conferred with the CNBC Asia "India Business Leader of the Year" Award in December 2007. Mr. Sudhakar Ram is one of the co-founders of Mastek Ltd.

Mr. Sudhakar Ram is appointed as the Managing Director of Cashless Technologies India Private Limited, a start-up incubated by himself initially effective from November 1, 2016. Your Company has given its consent to Mr Sudhakar Ram for being appointed as Managing Director of Cashless Technologies India Private Limited and draw remuneration therefrom. Since Mr. Sudhakar Ram will draw the remuneration from Mastek Limited and Cashless Technologies India Private Limited as its Managing Director, his overall maximum limit of remuneration to be drawn from both the Companies will be as per the provisions of Section 197 and Schedule V of the Companies Act, 2013 i.e. the total managerial remuneration drawn by Mr. Sudhakar Ram from Mastek Limited and

NOTICE (Contd..)

Cashless Technologies India Private Limited will not exceed the higher maximum limit admissible based on the financials of Mastek Limited.

The Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, at their meetings held on April 19, 2017 and April 20, 2017 respectively, and subject to the approval of the members in the Annual General Meeting, have approved the re-appointment and broad terms and conditions (including remuneration) of Mr. Sudhakar Ram as Vice- Chairman & Managing Director of Mastek Limited for a period of 3 (three) years i.e. from July 1, 2017 to June 30, 2020 as under:

1. Period of Appointment

Three years from July 1, 2017, the date of re-appointment

2. Remuneration

Basic Salary:

₹ 5,86,400/- (Rupees Five lakhs Eighty Six Thousand Four Hundred only) per month, with an option of annual increment as may be decided by the Nomination & Remuneration Committee / Board of Directors of the Company, from time to time.

Lunch Allowances/Coupons:

₹ 2,200/- per month.

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 ₹ 15 lakhs per annum.

Car Facility:

Car facility with driver to be used for the business of the Company.

Club Fees:

Reimbursement of Club Fees up to maximum of two clubs.

Telephone:

Free telephone facility at his residence and mobile phone 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. For the purposes of calculating the above ceilings, 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 with driver and mobile phone for use of the Company's business and telephone at the Managing Director's residence will not be considered as perquisites.

In the event of inadequacy of profits or no profits, the computation of the Managing Director's minimum remuneration or perquisites shall be as per the limits prescribed in Schedule V of the Companies Act, 2013.

Mr. Sudhakar Ram, so long as he functions as the Vice-Chairman & Managing Director of the Company, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee/s thereof from the date of his appointment and he is liable to retire by rotation.

Your Directors recommends and seek your approval for the reappointment and terms and conditions including remuneration payable to Mr. Sudhakar Ram, as the Vice Chairman & Managing Director of the Company on remuneration as stated above. The draft agreement to be entered into with the Vice Chairman & Managing Director is open for inspection at the Registered office of the Company between 11.00 a.m. to 2.00 p.m. on all working days from Monday to Friday.

This explanatory statement together with the accompanying Notice is to be regarded as an abstract of the terms of the agreement and Memorandum of Concern or interest under Section 190 of the Companies Act, 2013 and a disclosure as per of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Save and except Mr. Sudhakar Ram and his relatives, no other Director and Key Management Personnel is in any way interested financially or otherwise in the aforesaid Resolution.

ITEM NO. 7

Under the provisions of Section 186 of the Companies Act, 2013 which was made effective from 1st April, 2014, the powers to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates or person whether Indian or overseas and/or in various schemes of Mutual Funds or such other funds, in excess of the limits of:

- i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or,
- ii) Hundred per cent of its free reserves and securities premium account, whichever is more,

can be exercised by the Board with the consent of the shareholders obtained by a Special Resolution.

In view of increased turnover and profitability during past years, sometime Company may have spare funds. For better utilization of these liquid funds in the hands of Company, this may be invested into mutual funds/securities. It may also require for giving loan, guarantee or provide security during course of business in the interest of Company. Accordingly, in order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in various schemes of Mutual Funds and also in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate or as and when required. This permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making further investment, providing loans or give guarantee or provide security in connection with loans

NOTICE (Contd..)

to any persons or bodies corporate (excluding wholly owned subsidiaries) for an amount not exceeding ₹ **250 crores** or limits laid down in Section 186 of the Companies Act, 2013, whichever is higher.

The investment(s), loan(s), guarantee(s) and security (ies), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under. These investments are proposed to be made out of own/ surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

The Board commends the Special Resolution at Item No. 7 for the approval of the Members.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution except to the extent of their directorship and / or shareholding in the bodies corporate in which investment in securities / units may be made or loans / guarantees may be given or securities may be provided.

ITEM NO. 8

Under the erstwhile Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company could, with the consent of the shareholders obtained by an Ordinary Resolution, create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/ bonds, to secure the repayment of monies borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business). The shareholders of the Company, at the Annual General Meeting dated October 12, 1999 had accorded their consent to the Board of Directors for creation of charges/mortgages/hypothecations for an amount not exceeding ₹ 100 crores or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher.

In terms of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in general meeting by way of a special resolution, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The creation of mortgage and/or charge by the Company of its movable and/or immovable properties, in favour of the lenders/ agent(s)/trustees, with a power to take over the management and substantial assets of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

The proposed borrowings of the Company may, if necessary, be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the lenders/ holders of securities / trustees for the holders of the said securities as mentioned in the Resolution. As the documents to be executed between the lenders/security holders/ trustees for the holders of the said securities and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a special resolution under Section 180(1)(a) of the Act, for creation of charges/mortgages/hypothecations for an amount not exceeding ₹ **250 crores** or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

The Board commends the Special Resolution at Item No. 8 for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested financially or otherwise in the passing of the proposed Special Resolution.

ITEM NO. 9

Under the erstwhile Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

In terms of Section 180(1)(c) of the Companies Act, 2013 ("Act"), the Board of Directors cannot, except with the consent of the Company in general meeting by way of a special resolution, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company.

The shareholders of the Company at the Annual General Meeting dated October 12, 1999, had accorded their consent to the Board of Directors for borrowing up to ₹ 100 crores or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher. As on 31st March, 2017, the net-worth of the Company is ₹ 23,164.20 lakhs. It is proposed to increase the borrowing limits to enable the Directors to borrow monies, provided that the total amount so borrowed by the Board shall not at any time exceed ₹ **250 crores** or the aggregate of the paid up capital and free reserves of the Company, whichever is higher. The Company needs to obtain approval of the shareholders by means of a Special Resolution.

The Board commends the Special Resolution at Item No. 9 for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested financially or otherwise in the passing of the proposed special resolution.

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

Dinesh Kalani
Company Secretary

Date: April 20, 2017
Place: Mumbai
Reg. Office: 804/805, President House, Opp. C. N. Vidyalaya,
Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006

E-COMMUNICATION REGISTRATION FORM

Karvy Computershare Private Limited
(Unit: MASTEK LIMITED)
Karvy selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Serilingampally Mandal,
Hyderabad - 500 032, Telangana
Tel: +91 40 6716 1500 Fax: +91 40 2331 1968
E-Mail: einward.ris@karvy.com
Toll free no. 1-800-3454-001

| | |
|---|--|
| Folio No. / DP ID & Client ID | |
| Name of the sole / first named Member | |
| Name of joint holder(s) | |
| Registered Address of Member | |
| Permanent Account Number (PAN) | |
| Bank details (for payment of Dividend) | |
| E Mail ID to be registered | |
| Phone No (with STD Code) / Mobile No. (in case the shares are held in physical form) | |

Date:

Signature of the Member: _____

Note: Members holding shares in demat form are requested to fill up prescribed registration form with their Depository Participant (DP). Members are requested to keep DP/RTA/Company informed as and when there is any change in the email address. Unless the e-mail ID given above is changed by you by sending another communication in writing / e-mail, the Company will continue to send the documents to you on the above mentioned e-mail ID.

MASTEK GROUP

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Mastek Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Mastek Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled entity (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, 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 prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entity 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. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled entity respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, 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.
4. 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 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the

overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group and jointly controlled entity as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial information of 3 subsidiaries, whose financial information reflect total assets of ₹ 20,473.74 lakhs and net assets of ₹ 13,042.56 lakhs as at March 31, 2017, total revenue of ₹ 46,194.19 lakhs, net profit of ₹ 1,842.75 lakhs and net cash flows amounting to (Rs 2,035.25 lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
9. We did not audit the financial information of one jointly controlled entity whose financial information reflect total assets of ₹ Nil and net assets of ₹ Nil as at March 31, 2017, total revenue of ₹ Nil, net loss of ₹ 1.16 lakhs and net cash flows amounting to (₹ 14.21 lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these jointly controlled entity and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditor.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (Contd..)

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure A**.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group and jointly controlled entity– Refer Notes 21 and 35 to the consolidated financial statements.
 - ii. The Group and jointly controlled entity had long-term contracts including derivative contracts as at March 31, 2017 for which there were no material foreseeable losses. if any, on long-term contracts including derivative contracts – Refer Note 7 and 37;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2017.
 - iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and is in agreement with the relevant books of account maintained by the Holding Company and its subsidiary company incorporated in India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
April 20, 2017

Pradip Kanakia
Partner
Membership Number 39985

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Mastek Limited on the consolidated financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Mastek Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its subsidiary company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 subsidiary company which is incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
April 20, 2017

Pradip Kanakia
Partner
Membership Number 39985

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | As at March 31, 2017 | As at March 31, 2016 |
|---|---------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1,168.88 | 1,149.86 |
| Reserves and surplus | 4 | 33,691.19 | 30,783.08 |
| | | 34,860.07 | 31,932.94 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 6,522.77 | 17.79 |
| Other long-term liabilities | 6 | 134.10 | 97.07 |
| Long-term provisions | 7 | 966.92 | 493.06 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 2.00 | - |
| Trade payables | 9 | 1,988.89 | 949.86 |
| Other current liabilities | 10 | 7,743.20 | 8,752.56 |
| Short-term provisions | 11 | 741.63 | 550.62 |
| Total | | 52,959.58 | 42,793.90 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 12 (i) | 4,329.63 | 4,351.79 |
| Intangible assets | 12 (ii) | 8,886.28 | 2,222.55 |
| Capital work-in-progress | | 22.08 | 13.70 |
| Non-current investments | 13 | 1,878.11 | 1,877.31 |
| Deferred tax assets | 14 | 1,227.87 | 1,444.81 |
| Long-term loans and advances | 15 | 4,736.93 | 4,963.97 |
| Other non-current assets | 16 | 282.13 | 256.92 |
| Current assets | | | |
| Current investments | 17 | 10,130.13 | 3,114.11 |
| Trade receivables | 18 | 8,510.61 | 9,713.19 |
| Cash and bank balances | 19 | 4,797.35 | 8,870.53 |
| Short-term loans and advances | 20 | 950.32 | 1,573.84 |
| Other current assets | 21 | 7,208.14 | 4,391.18 |
| Total | | 52,959.58 | 42,793.90 |
| 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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer

Dinesh Kalani
Company Secretary

Mumbai, April 20, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------|------------------------------|------------------------------|
| Revenue from operations | 25 | 56,245.69 | 52,693.23 |
| Other income | 26 | 972.09 | 1,738.82 |
| Total revenue | | 57,217.78 | 54,432.05 |
| Expenses | | | |
| Employee benefits expenses | 27 | 32,149.21 | 28,112.50 |
| Finance costs | 28 | 257.89 | 50.31 |
| Depreciation and amortization expenses | 29 | 1,286.01 | 1,605.31 |
| Other expenses | 30 | 18,809.05 | 22,760.78 |
| Total expenses | | 52,502.16 | 52,528.90 |
| Profit before exceptional item and tax | | 4,715.62 | 1,903.15 |
| Exceptional items - loss, net | 31 | 340.00 | 254.28 |
| Profit before tax | | 4,375.62 | 1,648.87 |
| Tax expense | | | |
| Net Current tax (Share of joint venture ₹ Nil) | | 1,280.86 | 673.99 |
| Deferred tax charge | | 306.94 | 95.81 |
| Income tax refund / write back for earlier years | | (903.16) | (495.39) |
| Profit for the year | | 3,690.98 | 1,374.46 |
| Earning per equity share | 32 | | |
| Basic (Face value of ₹ 5/- each) | | ₹ 15.90 | ₹ 6.02 |
| Diluted (Face value of ₹ 5/- each) | | ₹ 15.26 | ₹ 5.62 |
| 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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer

Dinesh Kalani
Company Secretary

Mumbai, April 20, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Profit before exceptional item and tax | 4,715.62 | 1,903.15 |
| Adjustments for : | | |
| Interest income | (251.66) | (255.40) |
| Reversal of accrued revenue | - | 86.47 |
| Employee stock compensation expenses | 8.52 | 15.38 |
| Finance costs | 257.89 | 16.52 |
| Depreciation and amortisation | 1,334.74 | 1,867.41 |
| Provision for cost overrun on contracts, net | 1.06 | 9.58 |
| Provision / (Reversal) for doubtful debts and loans and advances, net | 136.35 | (227.57) |
| Bad debts written off | 10.09 | 380.49 |
| Profit on sale of fixed asset, net | (4.25) | (13.45) |
| Profit on sale of current investments | (291.45) | (428.07) |
| Rental income | (248.09) | (161.26) |
| Operating profit before working capital changes | 5,668.82 | 3,193.25 |
| Decrease / (Increase) in trade receivables | 3,562.33 | (40.46) |
| (Increase) / Decrease in loans and advances and other assets | (1,585.90) | 1,226.05 |
| (Decrease) in trade payables, other liabilities and provisions | (2,943.31) | (462.13) |
| Cash generated from operations | 4,701.94 | 3,916.71 |
| Income taxes refunds (paid), net | (370.14) | (461.83) |
| Net cash generated from operating activities before exceptional items | 4,331.80 | 3,454.88 |
| Amount paid for restructuring expenses | - | (305.15) |
| Net cash generated from operating activities | 4,331.80 | 3,149.73 |
| Cash flows from investing activities | | |
| Proceeds from sale of tangible assets | 28.94 | 78.70 |
| Purchase of tangible and intangible assets, net of capital work in progress capitalised | (1,495.80) | (1,271.70) |
| Purchase of other investment - equity share warrants | (0.80) | - |
| Interest received | 390.98 | 392.80 |
| Rental income | 248.09 | 161.26 |
| Realisation in bank deposits having original maturity over three months | 2,095.00 | 1,755.00 |
| Purchase consideration paid for acquisition of subsidiary, net of cash | (6,486.65) | (2,171.75) |
| (Purchase) / Sale proceeds of current investments, net | (6,724.57) | 2,435.16 |
| Net cash (used in) / generated from investing activities before exceptional items | (11,944.81) | 1,379.47 |
| Proceeds from sale of investments in subsidiaries | - | 180.49 |
| Net cash (used in) / generated from investing activities | (11,944.81) | 1,559.96 |
| Cash flows from financing activities | | |
| Proceeds from issue of shares under the employee stock option schemes | 213.16 | 552.07 |
| Proceeds / (Repayment) of borrowings | 6,721.91 | (57.02) |
| Dividends paid including dividend distribution tax paid | (232.92) | (920.39) |
| Interest paid on loans and on finance lease | (257.89) | (16.52) |
| Net cash generated from / (used in) financing activities | 6,444.26 | (441.86) |
| Effect of changes in exchange rates for cash and cash equivalents | (795.78) | 114.76 |
| Net increase in cash and cash equivalents during the year | (1,964.53) | 4,382.59 |
| Cash and cash equivalents at the beginning of the year | 6,736.91 | 12,412.44 |
| Cash and cash equivalents transferred pursuant to a scheme of arrangement (Refer note 43) | - | (10,058.12) |
| Cash and cash equivalents at the end of the year | 4,772.38 | 6,736.91 |

- Notes : 1 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.
- 2 The above cash flow statement reflects cash flow movements after considering the impact of demerger pursuant to a scheme of arrangement under which certain assets and liabilities of the group were transferred to the demerged group (Refer note 43).
- 3 Cash and cash equivalents - Refer notes 2.19 and 19
- 4 Figures in brackets indicate cash outgo.
- 5 Previous year's figures have been regrouped or reclassified wherever necessary.

In terms of our report of even date

For and on behalf of the Board

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Pradip Kanakia
Partner
Membership Number: 39985

Mumbai, April 20, 2017

Sudhakar Ram
Vice Chairman and
Managing Director

Abhishek Singh
Chief Financial Officer
Mumbai, April 20, 2017

S.Sandilya
Non-Executive Chairman
and Independent Director

Dinesh Kalani
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(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.

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 carries out its operations in UK, USA and India and has its offshore software development centres in India at Mumbai, Delhi, 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, 2017 | % of voting power held as at March 31, 2016 |
|---|--------------------------|---|---|
| Mastek (UK) Limited | UK | 100% | 100% |
| IndigoBlue Consulting Limited + | UK | 100% | 100% |
| Digility Inc. ** | USA | 100% | 100% |
| Trans American Information Systems Private Limited ^^ | India | 100% | - |
| Trans American Information Systems Inc. @ | USA | 100% | - |
| Taistech LLC @ | USA | 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, 2017 | % of voting power held as at March 31, 2016 |
|--|--------------------------|---|---|
| Legal Practice Technologies Limited (up to December 6, 2016) | UK | - | 40% |

+ Acquired with effect from May 1, 2015 (Refer note 41)

**Incorporated with effect from November 17, 2015

^^ Acquired with effect from December 23, 2016 (Refer note 42)

@ Acquired with effect from December 23, 2016 (Refer note 45)

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 with 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 (Division I) 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.

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, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of tangible assets are recognised in the carrying amount of the item if the recognition criteria are met.

An item of tangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, based on technical evaluation, which are lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| <u>Assets</u> | <u>Useful Life</u> |
|------------------------|--|
| 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 amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line method over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated useful lives of intangible assets are as follows :

| <u>Assets</u> | <u>Useful Life</u> |
|-------------------|--------------------|
| Acquired Goodwill | 3 - 5 years |
| Computer software | 1 - 5 years |

Goodwill on consolidation is not amortised and is assessed for impairment at each balance sheet date as described in note 2.5.

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 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 may 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 and Pound Sterling are the functional currencies for its non-integral subsidiaries located in United States of America and United Kingdom 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.

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 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 highly probable forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

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. Amounts accumulated in hedging reserve are reclassified to Statement of Profit and Loss in the periods when the forecast sale that is hedged takes place. The gain or loss relating to the effective portion of forward foreign exchange contracts for that hedge export sales is recognised in Statement of Profit and Loss under 'Revenue from operations'.

For forward exchange contracts that do not qualify for hedge accounting, the premium or discount arising at the inception of the contract is amortised 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 recognised as income or expense for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated 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 Group has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance, labour welfare fund and superannuation fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC). The Group also makes contributions towards defined contribution plans in respect of its subsidiaries and branches in foreign jurisdictions, as applicable. Under the defined contribution plans, the Group has no further obligation beyond making the contributions. Such contributions are charged to the Statement of Profit and Loss as incurred.

(b) Defined benefit plans

The Group has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the 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. Employees are entitled to accumulate leave balance up to the upper limit as per the Company's policies which can be carried forward perpetually. Leave encashment for employees gets triggered on an annual basis, if the accumulated leave balance exceeds the upper limit of leave. Further, at the time of retirement, death while in employment or on termination of employment leave encashment vests equivalent to salary payable for number of days of accumulated leave balance. Liability for such benefits is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. 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.

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.

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 the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accounts of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

3 Share capital

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Authorised: | | |
| 40,000,000 (March 31, 2016: 40,000,000) equity shares of ₹ 5/- each | 2,000.00 | 2,000.00 |
| 2,000,000 (March 31, 2016: 2,000,000) preference shares of ₹ 100/- each | 2,000.00 | 2,000.00 |
| | 4,000.00 | 4,000.00 |
| Issued, subscribed and fully paid up : | | |
| 23,377,533 (March 31, 2016 : 22,997,274) equity shares of ₹ 5/- each fully paid | 1,168.88 | 1,149.86 |
| Total | 1,168.88 | 1,149.86 |

(a) Reconciliation of the number of shares

| | As at March 31, 2017 | | As at March 31, 2016 | |
|--|----------------------|-----------------|----------------------|----------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity Shares | | | | |
| Balance as at the beginning of the year | 22,997,274 | 1,149.86 | 22,546,672 | 1,127.33 |
| Add: Addition on account of exercise of employee stock option plans [Refer note 36 (c)] | 380,259 | 19.02 | 450,602 | 22.53 |
| Balance as at the end of the year | 23,377,533 | 1,168.88 | 22,997,274 | 1,149.86 |

(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

| | As at March 31, 2017 | | As at March 31, 2016 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Equity Shares of ₹ 5/- each held by : | | | | |
| Ashank Desai | 3,099,552 | 13.26% | 3,099,552 | 13.48% |
| Sudhakar Ram | 2,791,680 | 11.94% | 2,791,680 | 12.14% |
| Ketan Mehta | 2,519,100 | 10.78% | 2,519,100 | 10.95% |
| Fidelity Purita Trust Fidelity Low Priced * | - | - | 1,275,000 | 5.54% |
| Radhakrishnan Sundar | 1,445,800 | 6.18% | 1,445,800 | 6.29% |

* Shareholding as at March 31, 2017 is reduced to less than 5%.

(d) Shares reserved for issue under options

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Number of shares to be issued under the employee stock option plans [Refer note 36(a) and (d) for details of shares to be issued under the Employee Stock Option Scheme] | 2,327,292 | 2,739,627 |

(e) Shares bought back (during 5 years immediately preceding March 31, 2017)

| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity shares bought back | - | - | - | 2,484,007 | 2,388,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

4 Reserves and surplus

| | As at March 31, 2017 | As at March 31, 2016 |
|---|--------------------------------|-------------------------|
| Capital reserve | 21.44 | 21.44 |
| Capital redemption reserve account | 1,538.87 | 1,538.87 |
| Securities premium account | | |
| Balance as at the beginning of the year | 1,081.10 | 545.16 |
| Add: Transferred from Employee stock options outstanding account on account of exercise of shares under the employee stock option plans | 9.44 | 6.40 |
| Add: Addition on account of exercise of shares under the employee stock option plans | 194.14 | 529.54 |
| Balance as at the end of the year | 1,284.68 | 1,081.10 |
| Employee stock options outstanding account | | |
| Balance as at the beginning of the year | 74.66 | 131.75 |
| Add: Addition on account of employee stock option plans | 17.60 | 33.38 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (84.07) |
| Less: Transferred to Securities premium account on account of exercise of shares under the employee stock option plans | (9.44) | (6.40) |
| Balance as at the end of the year [Refer note 36(f)] | 82.82 | 74.66 |
| General reserve | | |
| Balance as at the beginning of the year | 362.16 | 2,777.83 |
| Less: Adjustments pursuant to a scheme of arrangement (Refer note 43) | - | (2,415.67) |
| Balance as at the end of the year | 362.16 | 362.16 |
| Hedging reserve account | | |
| Balance as at the beginning of the year | 1,098.31 | 1,880.91 |
| Add: Changes in the fair value of the effective cash flow hedges | 2,745.80 | 305.78 |
| Less: Released to statement of profit and loss under revenue upon occurrence of forecasted sales transactions | (1,894.07) | (900.42) |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (187.96) |
| Balance as at the end of the year (Refer note 37) | 1,950.04 | 1,098.31 |
| Foreign currency translation reserve | | |
| Balance as at the beginning of the year | 1,901.16 | 8,643.45 |
| Less: Movement on account of demerger | - | (8,570.76) |
| Add: Movement during the year | (1,613.42) | 1,828.47 |
| Balance as at the end of the year | 287.74 | 1,901.16 |
| Surplus in statement of profit and loss | | |
| Balance as at the beginning of the year | 24,705.38 | 42,918.78 |
| Less: Adjustments pursuant to a scheme of arrangement (Refer note 43) | - | (18,940.12) |
| Profit for the year | 3,690.98 | 1,374.46 |
| Less: Appropriations | | |
| Interim dividend ₹ 1.00/- per share (Previous year ₹ 2.50/- per share) | (232.92) | (577.08) |
| Dividend distribution tax, net* | - | (70.66) |
| Balance as at the end of the year | 28,163.44 | 24,705.38 |
| Total | 33,691.19 | 30,783.08 |

*Dividend Distribution Tax (DDT) net, pertaining to the current year comprises the DDT liability of ₹ 47.42 (previous year ₹ 117.48) on interim dividend / proposed final dividend and a credit of ₹ 47.42 (previous year ₹ 46.82) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

5 Long-term borrowings

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Secured : | | |
| Term loan from Axis Bank UK limited [Refer note (a) below] | 6,485.00 | - |
| Long term maturities of finance lease obligations in respect of vehicles [Refer note (b) below and note 33(2)] | 23.12 | 17.79 |
| Vehicle loans from financial institution [Refer note (c) below] | 14.65 | - |
| Total | 6,522.77 | 17.79 |

Note:

| Nature of security | Terms of repayment |
|---|---|
| (a) (i) Secured by pledge of all assets of Digility Inc. (incl. shares of Trans American Information Systems Inc. and membership Interest in Taistech LLC.) and shares of Digility Inc. | Payment in eight equal half yearly installment over a period of five years starting after the end of 18 months from the date of disbursement of loan i.e. June 2018. Interest is charged at 3 months LIBOR + 250 basis point. |
| (ii) Secured by mortgage of Pune property of Mastek Limited. | |
| (iii) Secured by corporate guarantee of USD 12 million given by the company. | |
| (b) Finance lease obligations are secured by hypothecation of assets (Vehicles) underlying the leases. | Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the lease along with interest. |
| (c) Loans from financial institution are secured by hypothecation of assets (Vehicles) underlying the loans. | Monthly payment of Equated monthly instalments beginning from the month subsequent to taking the loan along with interest at 8.75%. |

6 Other long-term liabilities

| | As at March 31, 2017 | As at March 31, 2016 |
|-----------------------------|-------------------------|-------------------------|
| Security and other deposits | 134.10 | 97.07 |
| Total | 134.10 | 97.07 |

7 Long-term provisions

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for gratuity [Refer note 35(b)(iii)] | 161.11 | - |
| Provision for leave encashment [Refer note 35(c)] | 779.40 | 467.71 |
| Other Provision | | |
| Provision for cost overrun on contracts * | 26.41 | 25.35 |
| Total | 966.92 | 493.06 |

* Movement in long-term other provision represents an additional provision for cost overrun on contracts made during the year (Refer note 30)

8 Short-term borrowings

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Unsecured: | | |
| Loan from other parties [Refer note (a) below] | 2.00 | - |
| Total | 2.00 | - |

Note: (a) Unsecured loans is repayable on demand.

9 Trade payables

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Trade payables | 1,988.89 | 949.08 |
| Share of joint venture (Refer note 34) | - | 0.78 |
| Total | 1,988.89 | 949.86 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

10 Other current liabilities

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Current maturities of vehicle loans | 2.93 | - |
| Current maturities of finance lease obligations in respect of vehicles [Refer note 33(2)] | 25.40 | 30.23 |
| Unearned revenue | 994.04 | 1,745.29 |
| Unpaid dividends [Refer note (a) below] | 24.97 | 38.62 |
| Security and other deposits | 4.95 | 0.48 |
| Other payables | | |
| Employee benefits payable | 1,402.56 | 1,381.20 |
| Accrued expenses | 2,691.48 | 2,444.73 |
| Contingent consideration payable on business acquisition (Refer notes 41 and 45) | 404.39 | - |
| Capital creditors | 44.78 | 24.59 |
| Statutory dues including stamp duty, provident fund and tax deducted at source | 2,147.70 | 3,087.39 |
| | 7,743.20 | 8,752.53 |
| Share of joint venture (Refer note 34) | - | 0.03 |
| Total | 7,743.20 | 8,752.56 |

Note:

(a) There is no amount due for payment to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

11 Short-term provisions

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for leave encashment [Refer note 35(c)] | 327.88 | 550.62 |
| Other Provision | | |
| Provision for taxes, net of advance tax | 413.75 | - |
| Total | 741.63 | 550.62 |

12 Fixed assets

(i) Tangible assets

| | Gross Block (at cost) | | | | | Depreciation | | | | | Net Block | | | |
|--------------------------|-----------------------|---|---------------|--|-----------------|----------------------|---------------------|---|---------------|--|-----------------|----------------------|----------------------|----------------------|
| | As at April 1, 2016 | Addition arising from business acquisition (Refer note 42 and 45) | Additions | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2017 | As at April 1, 2016 | Accumulated depreciation transferred upon business acquisition (Refer note 42 and 45) | For the year | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| a. Own assets: | | | | | | | | | | | | | | |
| Buildings* | 4,748.91 | - | - | - | - | 4,748.91 | 1,708.23 | - | 90.72 | - | - | 1,798.95 | 2,949.96 | 3,040.68 |
| Computers | 2,545.46 | 233.84 | 254.03 | (46.62) | - | 2,986.71 | 2,194.17 | 167.65 | 357.82 | (39.24) | - | 2,680.40 | 306.31 | 351.29 |
| Plant and equipment | 2,720.58 | - | 165.91 | (13.48) | - | 2,873.01 | 2,562.87 | - | 84.48 | (10.38) | - | 2,636.97 | 236.04 | 157.71 |
| Furniture and fixtures | 4,457.81 | 20.14 | 275.07 | (19.62) | (0.10) | 4,733.30 | 4,073.19 | 18.97 | 166.51 | (17.17) | (0.10) | 4,241.40 | 491.90 | 384.62 |
| Vehicles | 245.97 | - | 79.64 | - | (120.44) | 205.17 | 131.00 | - | 37.86 | - | (99.23) | 69.63 | 135.54 | 114.97 |
| Office equipment | 1,591.20 | 37.47 | 24.30 | - | (0.91) | 1,652.06 | 1,466.93 | 27.94 | 49.76 | - | (0.62) | 1,544.01 | 108.05 | 124.27 |
| Total | 16,309.93 | 291.45 | 798.95 | (79.72) | (121.45) | 17,199.16 | 12,136.39 | 214.56 | 787.15 | (66.79) | (99.95) | 12,971.36 | 4,227.80 | 4,173.54 |
| Share of Joint Venture | 7.31 | - | - | - | (7.31) | - | 7.31 | - | - | - | (7.31) | - | - | - |
| Total (A) | 16,317.24 | 291.45 | 798.95 | (79.72) | (128.76) | 17,199.16 | 12,143.70 | 214.56 | 787.15 | (66.79) | (107.26) | 12,971.36 | 4,227.80 | 4,173.54 |
| b. Leased assets: | | | | | | | | | | | | | | |
| Leasehold land | 385.74 | - | - | - | - | 385.74 | 226.00 | - | 77.72 | - | - | 303.72 | 82.02 | 159.74 |
| Leasehold improvements | 334.23 | 13.99 | - | - | - | 348.22 | 334.23 | 11.12 | 0.76 | - | - | 346.11 | 2.11 | - |
| Vehicles | 97.30 | - | 22.77 | - | (7.39) | 112.68 | 78.79 | - | 20.39 | - | (4.20) | 94.98 | 17.70 | 18.51 |
| Total (B) | 817.27 | 13.99 | 22.77 | - | (7.39) | 846.64 | 639.02 | 11.12 | 98.87 | - | (4.20) | 744.81 | 101.83 | 178.25 |
| Total (A + B) | 17,134.51 | 305.44 | 821.72 | (79.72) | (136.15) | 18,045.80 | 12,782.72 | 225.68 | 886.02 | (66.79) | (111.46) | 13,716.17 | 4,329.63 | 4,351.79 |

* Own buildings include subscription towards share capital of Co-operative societies amounting to ₹ Two Hundred and Fifty only (Previous year ₹ Two Hundred and Fifty only).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) Intangible assets

| | Gross Block (at cost) | | | | | | Amortisation | | | | | | Net Block | | |
|---------------------------|-----------------------|---|-----------------|--|---------------|----------------------|---------------------|---|---------------|--|---------------|----------------------|----------------------|----------------------|--|
| | As at April 1, 2016 | Addition arising from business acquisition (Refer note 42 and 45) | Additions | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2017 | As at April 1, 2016 | Accumulated amortisation transferred upon business acquisition (Refer note 42 and 45) | For the year | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 | |
| Goodwill on consolidation | 1,889.94 | - | 7,280.76 | (612.68) | - | 8,558.02 | - | - | - | - | - | - | 8,558.02 | 1,889.94 | |
| Computer software | 3,759.55 | 14.07 | 436.10 | (11.58) | - | 4,198.14 | 3,426.94 | 5.80 | 448.72 | (11.58) | - | 3,869.88 | 328.26 | 332.61 | |
| Total | 5,649.49 | 14.07 | 7,716.86 | (624.26) | - | 12,756.16 | 3,426.94 | 5.80 | 448.72 | (11.58) | - | 3,869.88 | 8,886.28 | 2,222.55 | |
| Share of Joint Venture | 2.61 | - | - | - | (2.61) | - | 2.61 | - | - | - | (2.61) | - | - | - | |
| Total | 5,652.10 | 14.07 | 7,716.86 | (624.26) | (2.61) | 12,756.16 | 3,429.55 | 5.80 | 448.72 | (11.58) | (2.61) | 3,869.88 | 8,886.28 | 2,222.55 | |

12 Fixed assets for previous year ended March 31, 2016

(i) Tangible assets

| | Gross Block (at cost) | | | | | | Depreciation | | | | | | Net Block | | |
|--------------------------|-----------------------|---------------|--------------------------------------|--|-----------------|----------------------|---------------------|-----------------|--------------------------------------|--|-----------------|----------------------|----------------------|----------------------|--|
| | As at April 1, 2015 | Additions | Transfer on Demerger (Refer note 43) | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2016 | As at April 1, 2015 | For the year | Transfer on Demerger (Refer note 43) | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 | |
| a. Own assets: | | | | | | | | | | | | | | | |
| Buildings* | 5,891.77 | - | (1,142.86) | - | - | 4,748.91 | 1,921.26 | 109.29 | (322.32) | - | - | 1,708.23 | 3,040.68 | 3,970.51 | |
| Computers | 5,031.30 | 315.51 | (2,424.90) | 5.04 | (381.49) | 2,545.46 | 4,075.30 | 555.56 | (2,072.68) | 3.34 | (367.35) | 2,194.17 | 351.29 | 956.00 | |
| Plant and equipment | 4,708.01 | 57.05 | (1,833.08) | 3.13 | (214.53) | 2,720.58 | 4,345.16 | 99.75 | (1,674.68) | 3.27 | (210.63) | 2,562.87 | 157.71 | 362.85 | |
| Furniture and fixtures | 6,259.46 | 336.61 | (2,041.01) | 5.17 | (102.42) | 4,457.81 | 5,806.98 | 149.11 | (1,783.92) | 3.18 | (102.16) | 4,073.19 | 384.62 | 452.48 | |
| Vehicles | 357.76 | 43.95 | (126.31) | - | (29.43) | 245.97 | 231.85 | 19.82 | (95.00) | - | (25.67) | 131.00 | 114.97 | 125.91 | |
| Office equipment | 1,956.56 | 183.32 | (501.03) | - | (47.65) | 1,591.20 | 1,791.89 | 50.66 | (334.77) | - | (40.85) | 1,466.93 | 124.27 | 164.67 | |
| Total | 24,204.86 | 936.44 | (8,069.19) | 13.34 | (775.52) | 16,309.93 | 18,172.44 | 984.19 | (6,283.37) | 9.79 | (746.66) | 12,136.39 | 4,173.54 | 6,032.42 | |
| Share of Joint Venture | 6.28 | 0.86 | - | 0.17 | - | 7.31 | 1.76 | 5.67 | - | (0.12) | - | 7.31 | - | 4.52 | |
| Total (A) | 24,211.14 | 937.30 | (8,069.19) | 13.51 | (775.52) | 16,317.24 | 18,174.20 | 989.86 | (6,283.37) | 9.67 | (746.66) | 12,143.70 | 4,173.54 | 6,036.94 | |
| b. Leased assets: | | | | | | | | | | | | | | | |
| Leasehold land | 558.45 | - | (172.71) | - | - | 385.74 | 166.47 | 59.53 | - | - | - | 226.00 | 159.74 | 391.98 | |
| Leasehold improvements | 408.54 | - | (8.12) | - | (66.19) | 334.23 | 406.36 | 1.86 | (7.80) | - | (66.19) | 334.23 | - | 2.18 | |
| Vehicles | 230.49 | 11.51 | (64.77) | - | (79.93) | 97.30 | 78.88 | 47.74 | (4.29) | - | (43.54) | 78.79 | 18.51 | 151.61 | |
| Total (B) | 1,197.48 | 11.51 | (245.60) | - | (146.12) | 817.27 | 651.71 | 109.13 | (12.09) | - | (109.73) | 639.02 | 178.25 | 545.77 | |
| Total (A + B) | 25,408.62 | 948.81 | (8,314.79) | 13.51 | (921.64) | 17,134.51 | 18,825.91 | 1,098.99 | (6,295.46) | 9.67 | (856.39) | 12,782.72 | 4,351.79 | 6,582.71 | |

* Own buildings include subscription towards share capital of Co-operative societies amounting to ₹ Two hundred and fifty (Previous year ₹ Two hundred and fifty).

(ii) Intangible assets

| | Gross Block (at cost) | | | | | | Amortisation | | | | | | Net Block | | |
|---------------------------|-----------------------|-----------------|--------------------------------------|--|-----------------|----------------------|---------------------|---------------|--------------------------------------|--|-----------------|----------------------|----------------------|----------------------|--|
| | As at April 1, 2015 | Additions | Transfer on Demerger (Refer note 43) | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2016 | As at April 1, 2015 | For the year | Transfer on Demerger (Refer note 43) | Foreign Exchange Translation Adjustments | Deductions | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 | |
| Acquired Goodwill | 3,363.30 | - | (3,363.30) | - | - | - | 980.20 | - | (980.20) | - | - | - | - | 2,383.10 | |
| Goodwill on consolidation | 18,116.45 | 1,951.82 | (18,116.45) | (61.88) | - | 1,889.94 | - | - | - | - | - | - | 1,889.94 | 18,116.45 | |
| Computer software | 6,590.01 | 454.90 | (2,351.57) | 33.76 | (967.55) | 3,759.55 | 5,785.70 | 767.58 | (2,191.32) | 32.53 | (967.55) | 3,426.94 | 332.61 | 804.31 | |
| Total | 28,069.76 | 2,406.72 | (23,831.32) | (28.12) | (967.55) | 5,649.49 | 6,765.90 | 767.58 | (3,171.52) | 32.53 | (967.55) | 3,426.94 | 2,222.55 | 21,303.86 | |
| Share of Joint Venture | 2.20 | 0.35 | - | 0.06 | - | 2.61 | 1.74 | 0.84 | - | 0.03 | - | 2.61 | - | 0.45 | |
| Total | 28,071.96 | 2,407.07 | (23,831.32) | (28.06) | (967.55) | 5,652.10 | 6,767.64 | 768.42 | (3,171.52) | 32.56 | (967.55) | 3,429.55 | 2,222.55 | 21,304.31 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

13 Non-current investments

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| (A) Investment property (at cost less accumulated depreciation) | | |
| Gross block | | |
| Opening | 1.79 | 389.41 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (387.62) |
| Closing | 1.79 | 1.79 |
| Less : Accumulated depreciation | | |
| Opening | 1.79 | 148.57 |
| Depreciation for the year | - | - |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (146.78) |
| Closing | 1.79 | 1.79 |
| Net Block | - | - |
| Aggregate amount of investment property | | |
| (B) Trade investments (Unquoted, at cost) | | |
| Investment in Majesco USA | 1,877.31 | 1,877.31 |
| 5,044,875 Equity Shares of US \$ 0.002 each, fully paid up | | |
| (C) Non-Trade investments (Unquoted, at cost) | | |
| Investment in Cashless Technologies India Private Limited | 0.80 | - |
| 8,000,000 share warrants (Previous year - Nil) | | |
| Total (A+B+C) | 1,878.11 | 1,877.31 |

14 Deferred tax assets

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Deferred tax assets in respect of: | | |
| Provision for doubtful debts | 63.11 | 51.34 |
| Depreciation and amortisation | 803.96 | 878.56 |
| Provision for gratuity and leave encashment | 271.64 | 352.42 |
| Other timing differences | 89.16 | 162.49 |
| Total | 1,227.87 | 1,444.81 |

15 Long-term loans and advances

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated | | |
| Capital advances | 30.89 | 71.51 |
| Security deposits | 204.28 | 102.26 |
| Prepaid expenses | 1.62 | 2.25 |
| Other loans and advances | | |
| Other advances | 39.03 | 57.80 |
| Advance income tax, net of provision for tax | 2,086.75 | 2,286.75 |
| MAT credit entitlement [Refer note 38(a)] | 2,373.82 | 2,436.59 |
| Advances to employees | 0.54 | 0.78 |
| | 4,736.93 | 4,957.94 |
| Share of joint venture (Refer note 34) | - | 6.03 |
| Total | 4,736.93 | 4,963.97 |

16 Other non-current assets

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 37) | 282.13 | 256.92 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

17 Current investments

| | As at March 31, 2017 | As at March 31, 2016 |
|---|---------------------------------|-------------------------|
| At cost or market value, whichever is lower: | | |
| Investment in mutual funds (quoted): | | |
| Baroda Pioneer Liquid Fund - Plan A - Growth (14,085 units, Previous year - 37,027 units) | 251.70 | 640.64 |
| Birla Sun Life Cash Plus Fund - Growth (Nil units, Previous year - 246,814 units) | - | 596.47 |
| ICICI Prudential Money Market Fund - Growth (90,677 units, Previous year - 71,787 units) | 200.00 | 150.00 |
| Kotak Floater Short Term Fund - Growth (Nil units, Previous year - 8,064 units) | - | 200.00 |
| Franklin India TMA - Super IP - Growth (Nil units, Previous year - 9,282 units) | - | 203.10 |
| Kotak Treasury Advantage Fund - Reg - Growth (1,946,216 units, Previous year - 1,764,200 units) | 478.87 | 423.90 |
| Sundaram Ultra Short Term - Reg - Growth (Nil units, Previous year - 2,186,228 units) | - | 450.00 |
| ICICI Prudential Ultra Short Term Plan - Growth (1,459,579 units, Previous year - 2,988,941 units) | 240.00 | 450.00 |
| Mahindra Liquid Fund - Regular - Growth (13,726 units, Previous year - Nil units) | 139.22 | - |
| Indiabulls Liquid Fund - Existing Plan - Growth (13,045 units, Previous year - Nil units) | 200.63 | - |
| IDFC Cash Fund -Growth- Regular Plan (3,054 units, Previous year - Nil units) | 60.00 | - |
| UTI Short Term Income Fund (1,721,850 units, Previous year - Nil units) | 340.00 | - |
| Kotak Corporate Bond Fund Standard Growth (Regular Plan) (31,421 units, Previous year - Nil units) | 650.00 | - |
| IDFC Corporate Bond Fund Regular Plan Growth (5,890,210 units, Previous year - Nil units) | 650.00 | - |
| Kotak Low Duration Fund -Growth (32,312 units, Previous year - Nil units) | 640.00 | - |
| Birla Sun Life Floating Rate Fund - Long Term Plan - Regular - Growth (122,775 units, Previous year - Nil units) | 240.00 | - |
| ICICI Prudential-Flexible Income Plan - Regular - Growth (134,227 units, Previous year - Nil units) | 1,800.00 | - |
| HDFC Cash Management Fund - Treasury Advantage Ret Growth (4,162,272 units, Previous year - Nil units) | 1,364.85 | - |
| UTI Treasury Advantage Fund Institutional Plan - Growth (103,699 units, Previous year - Nil units) | 2,229.73 | - |
| Birla Sun Life Floating Rate Fund - Short Term Plan - Regular - Growth (21,143 units, Previous year - Nil units) | 45.13 | - |
| Investment in others (unquoted): | | |
| Term deposit with Housing Development Finance Corporation | 600.00 | - |
| Total | 10,130.13 | 3,114.11 |
| Aggregate amount of quoted investments | 9,530.13 | 3,114.11 |
| Market value of quoted investments | 9,903.44 | 3,137.98 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

18 Trade receivables

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Outstanding for a period less than six months from the date they were due for payment | 8,510.61 | 9,713.19 |
| Unsecured, considered doubtful | | |
| Outstanding for a period exceeding six months from the date they were due for payment | 316.63 | 148.34 |
| Others | 58.86 | - |
| Less: Provision for doubtful debts | (375.49) | (148.34) |
| Total | 8,510.61 | 9,713.19 |

19 Cash and bank balances

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 3.59 | 4.01 |
| Bank balances | | |
| In current accounts | 2,368.73 | 2,749.09 |
| Fixed deposits (with original maturity of less than 3 months) | 2,400.06 | 3,969.60 |
| | 4,772.38 | 6,722.70 |
| Share of joint venture (Refer note 34) | - | 14.21 |
| | 4,772.38 | 6,736.91 |
| Other bank balances | | |
| Fixed deposits (with original maturity more than 3 months but less than 12 months) | - | 2,095.00 |
| Unpaid dividend account | 24.97 | 38.62 |
| | 24.97 | 2,133.62 |
| Total | 4,797.35 | 8,870.53 |

20 Short-term loans and advances

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated: | | |
| Other loans and advances | | |
| Security deposits | 11.92 | 23.92 |
| Surplus contribution to employee benefit plan - gratuity [Refer note 35(b)(iii)] | - | 29.23 |
| Prepaid expenses | 431.00 | 204.71 |
| Service tax credit receivable | 317.70 | 1,008.07 |
| Advances to suppliers | 15.31 | 144.57 |
| Advances to employees | 174.39 | 162.01 |
| | 950.32 | 1,572.51 |
| Share of joint venture (Refer note 34) | - | 1.33 |
| Total | 950.32 | 1,573.84 |

21 Other current assets

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated: | | |
| Interest accrued on fixed deposits | 3.32 | 88.62 |
| Interest accrued on income tax refunds | - | 54.02 |
| Margin money deposit | 1.28 | 1.65 |
| Accrued revenue | 4,819.45 | 3,139.27 |
| Reimbursable expenses receivable [Net of provision of doubtful receivable ₹1.93 (Previous year ₹ Nil)] | 94.87 | 266.23 |
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 37) | 1,667.91 | 841.39 |
| Tax credit receivable, net of provision | 621.31 | - |
| Total | 7,208.14 | 4,391.18 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

22 Contingent Liabilities

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Claims against Group not acknowledged as debts | | |
| (a) Sales tax matter | 238.23 | 238.23 |
| (b) Stamp duty matter | - | 231.20 |
| (c) Income tax matter | 854.17 | - |

(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 March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Capital commitments | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 133.34 | 295.24 |

24 Proposed Dividend

The final dividend proposed for the year is as follows:

| | As at March 31, 2017 | As at March 31, 2016 |
|-----------------------------|-------------------------|-------------------------|
| On Equity Shares of ₹5 each | | |
| Amount of dividend proposed | 584.44 | Nil |
| Dividend per Equity Share | ₹ 2.50 per share | Nil |

25 Revenue from operations

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Information technology services | 55,942.19 | 52,526.65 |
| Other operating revenue | | |
| Reimbursement of expenses from customers | 161.18 | 143.77 |
| Recovery of debts written off earlier | 39.98 | - |
| Doubtful debts recovered | 102.34 | 22.81 |
| Total | 56,245.69 | 52,693.23 |

26 Other income

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Interest income - On fixed deposits | 120.22 | 204.21 |
| - On Income tax refunds | 120.77 | 39.64 |
| - On others | 10.67 | 11.55 |
| Profit on sale of current investments | 291.45 | 428.07 |
| Rental income [Refer note 33(1)(ii)] | 248.09 | 161.26 |
| Profit on sale of tangible assets, net | 4.25 | 13.45 |
| Net gain on foreign currency transactions and translation | - | 126.92 |
| Miscellaneous income | 176.64 | 702.81 |
| | 972.09 | 1,687.91 |
| Share of joint venture (Refer note 34) | - | 50.91 |
| Total | 972.09 | 1,738.82 |

27 Employee benefits expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Salaries, wages and performance incentives | 28,941.24 | 25,126.14 |
| Gratuity [Refer note 35(b)(iv)] | 210.62 | 92.81 |
| Contribution to provident and other funds [Refer note 35(a)] | 559.84 | 480.14 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| | | |
|---|------------------|-----------|
| Employee stock compensation expenses [Refer note 36(f)] | 8.52 | 15.38 |
| Staff welfare expense | 2,428.99 | 2,161.59 |
| | 32,149.21 | 27,876.06 |
| Share of joint venture (Refer note 34) | - | 236.44 |
| Total | 32,149.21 | 28,112.50 |

28 Finance costs

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Interest on term loan | 64.48 | - |
| Interest on finance lease | 11.39 | 15.56 |
| Bank charges | 181.98 | 33.79 |
| Other finance charges | - | 0.45 |
| | 257.85 | 49.80 |
| Share of joint venture (Refer note 34) | 0.04 | 0.51 |
| Total | 257.89 | 50.31 |

29 Depreciation and amortisation expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Depreciation on tangible assets | 886.02 | 1,093.32 |
| Amortisation on intangible assets | 448.72 | 767.58 |
| Less: Reimbursement of common cost received from Majesco Limited and Majesco software and Solutions India Pvt. Ltd. | (48.73) | (262.10) |
| | 1,286.01 | 1,598.80 |
| Share of joint venture (Refer note 34) | - | 6.51 |
| Total | 1,286.01 | 1,605.31 |

30 Other expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Recruitment and training expenses | 285.80 | 740.57 |
| Travelling and conveyance | 2,140.89 | 2,145.93 |
| Communication charges | 239.75 | 374.04 |
| Electricity | 385.18 | 408.00 |
| Consultancy and sub-contracting charges | 10,583.54 | 11,439.52 |
| Rates and taxes | 255.70 | 170.57 |
| Repairs to buildings | 429.71 | 379.48 |
| Repairs : others | 597.11 | 1,114.39 |
| Insurance | 95.71 | 147.40 |
| Printing and stationery | 58.04 | 61.16 |
| Professional fees | 1,793.90 | 3,172.18 |
| Rent [Refer note 33(1)(i)] | 426.74 | 379.96 |
| Advertisement and publicity | 310.53 | 159.42 |
| Net loss on foreign currency transactions and translation | 168.07 | - |
| Provision / (Reversal) for doubtful debts and loans and advances, net | 136.35 | (227.57) |
| Bad debt written off | 10.09 | 380.49 |
| Hire Charges | 87.21 | 84.29 |
| Provision for cost overrun on contracts, net | 1.06 | 9.58 |
| Expenditure towards corporate social responsibility (CSR) activities | 129.92 | 85.36 |
| Reversal of accrued revenue | - | 86.47 |
| Miscellaneous expenses | 672.62 | 770.63 |
| | 18,807.92 | 21,881.87 |
| Share of joint venture (Refer note 34) | 1.13 | 878.91 |
| Total | 18,809.05 | 22,760.78 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

31 Exceptional Items, net

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Restructuring expenses - Salaries, wages and performance incentives | - | 120.88 |
| Demerger expenses | | |
| Professional fees | - | 65.30 |
| Others | 340.00 | 118.97 |
| Profit on sale of investment in subsidiary (Refer note 44) | - | (50.87) |
| Total | 340.00 | 254.28 |

32 Earnings Per Share (EPS)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| The components of basic and diluted earnings per share for total operations are as follows: | | |
| (a) Net income attributable to equity shareholders | 3,690.98 | 1,374.46 |
| (b) Weighted average number of outstanding equity shares | | |
| Considered for basic EPS | 23,214,937 | 22,831,685 |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options | 971,569 | 1,607,892 |
| Considered for diluted EPS | 24,186,506 | 24,439,577 |
| (c) Earnings per share (net of taxes) in ₹ | | |
| Basic | ₹ 15.90 | ₹ 6.02 |
| Diluted | ₹ 15.26 | ₹ 5.62 |
| (Face value per share ₹ 5/- each) | | |

33 Leases

(1) Operating leases

(i) Lease Payments

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| (a) Future minimum lease payments under non – cancellable operating leases (in respect of properties): | | |
| Due within one year | 475.80 | 146.13 |
| Due later than 1 year but not later than 5 years | 1,229.24 | 60.44 |
| Due later than 5 years | 301.59 | - |
| Total minimum lease payments | 2,006.63 | 206.57 |

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| (b) Operating lease rentals recognised in the statement of profit and loss (Refer note 30) | 426.74 | 379.96 |

- (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.

(ii) Lease Income

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| (a) Future minimum lease income under non-cancellable operating leases (in respect of properties): | | |
| Due within one year | 233.54 | 168.00 |
| Due later than 1 year but not later than 5 years | 38.92 | 196.00 |
| Total minimum lease payments | 272.46 | 364.00 |

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| (b) Operating lease income recognised in the Statement of Profit and Loss (Refer note 26) | 248.09 | 161.26 |

- (c) Description of significant operating lease arrangements:
The Company has taken refundable interest free security deposits under the lease agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(2) Finance leases

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Total minimum finance lease payments outstanding (in respect of vehicles): | | |
| Due within one year | 30.01 | 35.96 |
| Due later than 1 year but not later than 5 years | 26.35 | 19.58 |
| Total minimum lease payments | 56.36 | 55.54 |
| Less: Interest not due | (7.84) | (7.52) |
| Present value of net minimum leases payments | 48.52 | 48.02 |
| Disclosed under: | | |
| Long-term borrowings (Refer note 5) | 23.12 | 17.79 |
| Other current liabilities (Refer note 10) | 25.40 | 30.23 |
| | 48.52 | 48.02 |

34 Share in Joint Venture

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

| Name | Country of Incorporation | % of ownership interest as at | |
|-------------------------------------|-----------------------------|----------------------------------|----------------|
| | | March 31, 2017 | March 31, 2016 |
| 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 financial statements are :

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| (a) ASSETS | | |
| Long-term loans and advances | - | 6.03 |
| Cash and bank balances | - | 14.21 |
| Short-term loans and advances | - | 1.33 |
| (b) LIABILITIES | | |
| Shareholders' funds * | - | (4,442.80) |
| Long-term borrowings * | - | 4,463.56 |
| Trade payables | - | 0.78 |
| Other current liabilities | - | 0.03 |
| (c) STATEMENT OF PROFIT AND LOSS | | |
| Other income | - | (50.91) |
| Employee benefits expenses | - | 236.44 |
| Finance costs | 0.04 | 0.51 |
| Depreciation and amortisation expenses | - | 6.51 |
| Other expenses * | 18.97 | 3,464.74 |

As at March 17, 2016, both the joint venture partners entered into a deed of termination to terminate the joint venture agreement with effect from the date of this deed. As at December 6, 2016, the name of the joint venture company has been struck off by the concerned UK authorities.

* The above balances are prior to intra group balances / transactions eliminated or partially eliminated on consolidation, as applicable.

35 Employee benefit plans

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| (a) Defined contribution plans | | |
| The Group has recognised the following amounts in Statement of Profit and Loss for the year: | | |
| Contribution to provident fund | 381.56 | 344.85 |
| Contribution to employees' state insurance corporation | 0.46 | 0.45 |
| Contribution to Maharashtra labour welfare fund | 0.49 | 0.50 |
| Superannuation contribution | 12.49 | 9.93 |
| Contribution to plans in foreign jurisdictions | 164.84 | 124.41 |
| Total (Refer note 27) | 559.84 | 480.14 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| | As at March 31, 2017 | As at March 31, 2016 | | | |
|--|---|-------------------------|-------------------|-------------------|-------------------|
| (b) Defined benefit plan (Gratuity) - As per the independent actuarial valuation carried out as at March 31, 2017 | | | | | |
| (i) Change in defined benefit obligations (DBO) : | | | | | |
| Projected benefit obligation - opening | 1,764.21 | 3,661.62 | | | |
| Add: Balance transferred on account of acquisition (Refer note 42) | 88.59 | - | | | |
| Service cost | 203.88 | 259.49 | | | |
| Interest cost | 152.81 | 174.34 | | | |
| Actuarial (gain) | (12.55) | (166.62) | | | |
| Benefits paid | (179.68) | (200.91) | | | |
| Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (1,963.71) | | | |
| Projected benefit obligation - closing | 2,017.26 | 1,764.21 | | | |
| (ii) Change in fair value of assets: | | | | | |
| Fair value of plan assets - opening | 1,793.44 | 3,783.62 | | | |
| Expected return on plan assets | 161.21 | 205.57 | | | |
| Employer's contribution | 107.00 | 0.04 | | | |
| Benefit paid | (177.81) | (200.91) | | | |
| Actuarial (loss) | (27.69) | (31.17) | | | |
| Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (1,963.71) | | | |
| Fair value of plan assets - closing | 1,856.15 | 1,793.44 | | | |
| (iii) Amount recognized in the Balance Sheet | | | | | |
| Present value of obligations | 2,017.26 | 1,764.21 | | | |
| Less: Fair value of plan assets | (1,856.15) | (1,793.44) | | | |
| Net liability / (assets) recognized | 161.11 | (29.23) | | | |
| Recognised under: | | | | | |
| Short-term loans and advances (Refer note 20) | - | (29.23) | | | |
| Long-term provisions (Refer note 7) | 161.11 | - | | | |
| Total | 161.11 | (29.23) | | | |
| (iv) Net gratuity cost for the year | | | | | |
| Service cost | 203.88 | 259.49 | | | |
| Interest cost | 152.81 | 174.34 | | | |
| Expected return on plan assets | (161.21) | (205.57) | | | |
| Net actuarial loss / (gain) recognized in the current year | 15.14 | (135.45) | | | |
| Net gratuity cost (Refer note 27) | 210.62 | 92.81 | | | |
| (v) Asset information | | | | | |
| Life Insurance Corporation of India | 100% | 100% | | | |
| (vi) Assumptions used in accounting for the gratuity plan: | | | | | |
| Discount rate (p.a.) | 7.60% for the company 7.10% for subsidiary | 8.00% | | | |
| Return on plan assets (p.a.) | 7.50% for the company 7.50% for subsidiary | 8.85% | | | |
| Salary escalation rate (p.a.) | 10.00% | 10.00% | | | |
| Retirement age | 60 years for the company 58 for subsidiary | 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 | | | | | |
| Gratuity | 230.00 | 200.00 | | | |
| (viii) Amounts recognised in current year and previous four years: | | | | | |
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| Defined benefit obligation | 2,017.26 | 1,764.21 | 3,661.62 | 2,883.96 | 2,968.23 |
| Plan assets | 1,856.15 | 1,793.44 | 3,783.62 | 2,156.78 | 1,302.88 |
| (Deficit) / Surplus | (161.11) | 29.23 | 122.00 | (727.18) | (1,665.35) |
| Experience adjustments: - On plan liabilities | (99.07) | (157.05) | (166.77) | (145.51) | (9.25) |
| - On plan assets | (27.90) | (31.17) | 30.15 | 66.76 | 2.74 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| (c) Provision for Leave encashment | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Opening balance | 1,018.33 | 3,017.70 |
| Charge during the year | 527.44 | 546.99 |
| Foreign currency translation movement | (70.90) | 20.27 |
| Transferred upon business acquisition (Refer notes 42 and 45) / pursuant to a scheme of arrangement (Refer note 43) | 29.67 | (1,910.48) |
| Amount paid during the year | (397.26) | (656.15) |
| Closing balance | 1,107.28 | 1,018.33 |
| Disclosed under: Long-term provisions (Refer note 7) | 779.40 | 467.71 |
| Short-term provisions (Refer note 11) | 327.88 | 550.62 |

36 Employee Stock Option Scheme

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

i. 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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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 March 31, 2017 | (No of Options) Year ended March 31, 2016 |
|-----------------------------------|------------------------------|---|
| Opening Balance | 276,117 | 371,025 |
| Granted during the year | - | - |
| Exercised during the year | (7,247) | (19,162) |
| Lapsed /Cancelled during the year | (120,943) | (75,746) |
| Balance unexercised options | 147,927 | 276,117 |

ii. 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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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 March 31, 2017 | (No of Options) Year ended March 31, 2016 |
|-----------------------------------|------------------------------|---|
| Opening Balance | 143,825 | 308,939 |
| Granted during the year | - | - |
| Exercised during the year | (79,100) | (116,864) |
| Lapsed /Cancelled during the year | (2,500) | (48,250) |
| Balance unexercised options | 62,225 | 143,825 |

iii. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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. Compensation cost calculated at intrinsic value amounting to ₹ 4.52 lakhs is cross charged to the entities demerged (as described in note 43), based on the employees where they are currently employed. Consequently ₹ 8.52 lakhs, net has been charged to the statement of profit and loss during the current year.

| | (No of Options) | |
|-----------------------------------|------------------|------------------|
| | Year ended | Year ended |
| | March 31, 2017 | March 31, 2016 |
| Opening Balance | 1,342,312 | 1,315,439 |
| Granted during the year | - | 353,275 |
| Exercised during the year | (189,869) | (252,576) |
| Lapsed /Cancelled during the year | (128,783) | (73,826) |
| Balance unexercised options | <u>1,023,660</u> | <u>1,342,312</u> |

iv. 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 vesting period of stock option will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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. Compensation cost calculated at intrinsic value amounting to ₹ 4.56 lakhs is cross charged to the entities demerged (as described in note 43), based on the employees where they are currently employed. Consequently, there is no charge to the statement of profit and loss during the current year.

| | (No of Options) | |
|-----------------------------------|------------------|----------------|
| | Year ended | Year ended |
| | March 31, 2017 | March 31, 2016 |
| Opening Balance | 977,373 | 897,373 |
| Granted during the year | 320,000 | 223,850 |
| Exercised during the year | (104,043) | (62,000) |
| Lapsed /Cancelled during the year | (99,850) | (81,850) |
| Balance unexercised options | <u>1,093,480</u> | <u>977,373</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 | Year ended |
|--|-----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Profit after taxation | 3,690.98 | 1,374.46 |
| Less : Employee stock compensation expenses based on fair value | (246.29) | (398.70) |
| Add: Employee stock compensation expenses based on intrinsic value (Refer note 27) | 8.52 | 15.38 |
| Profit after taxation as per Fair value method | <u>3,453.21</u> | <u>991.14</u> |
| Basic Earning per share (EPS) | | |
| Number of shares | 23,214,937 | 22,831,685 |
| Basic EPS as reported (₹) | ₹ 15.90 | ₹ 6.02 |
| Proforma Basic EPS (₹) | ₹ 14.87 | ₹ 5.69 |
| Diluted Earning per share (EPS) | | |
| Number of shares | 24,186,506 | 24,439,577 |
| Diluted EPS as reported (₹) | ₹ 15.26 | ₹ 5.62 |
| Proforma Diluted EPS (₹) | ₹ 14.28 | ₹ 5.32 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(c) Stock options exercised during the year :

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|--------------------------------------|------------------------------|
| No. of options exercised during the year | 380,259 | 450,602 |
| Weighted average share price at the date of exercise (₹) | 56.05 | 123.94 |

(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 Outstanding | Weighted Average Exercise Price (₹) | Weighted Average remaining Contractual Life (years) |
|-----------------------------|------------------------|---|---|
| As at March 31, 2017 | | | |
| Range of Exercise Price (₹) | | | |
| 0 - 150 | 1,627,042 | 60.48 | 5.79 |
| 151- 250 | 700,250 | 180.64 | 8.37 |
| Total | 2,327,292 | 96.63 | 6.57 |
| As at March 31, 2016 | | | |
| Range of Exercise Price (₹) | | | |
| 0 - 150 | 2,189,302 | 60.21 | 6.21 |
| 151- 250 | 550,325 | 182.52 | 8.79 |
| Total | 2,739,627 | 84.78 | 6.73 |

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|---|------------------------------|
| No. of options granted during the year | 320,000 | 577,125 |
| Option Pricing model used | Market price as defined by SEBI / Discounted price as per the scheme | |
| Weighted average share price (₹) | 166.14 | 181.82 |
| Exercise Price (₹) | 168.84 | 182.65 |
| Expected volatility (%) | 49.88% | 48.57% |
| Option life (Vesting period + Exercise period) (Years) | 6.01 | 5.95 |
| Dividend yield (%) | 0.96% | 1.38% |
| Risk free interest rate (%) | 6.85% | 7.77% |

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 :

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--------------------------------------|------------------------------|
| Expense arising from employee share-based payment plan | 8.52 | 15.38 |
| Employee stock options outstanding account (Refer note 4) | 82.82 | 74.66 |

37 Derivative Financial Instruments

The Company's activities expose it to market risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk management is predominately managed by the Finance department of the Company under policies developed by Mastek UK Limited, a wholly owned subsidiary ("MUK"). The Finance department identifies, evaluates and hedges financial risks under the guidance and instructions of MUK which predominantly provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and use of derivative financial instruments.

The Company, in accordance with its risk management policies and procedures laid down by MUK, 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 three years. The Group has no unhedged exposure in respect of third party receivables or payables denominated in foreign currency.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

| FC | March 31, 2017 | | | March 31, 2016 | | |
|-----|------------------|---|--|------------------|---|--|
| | 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) |
| GBP | 86 | 154.20 | 15,150.18 | 53 | 138.55 | 15,060.84 |

| Mark-to-Market (gains) / losses | As at | As at |
|--|-------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Opening balance of Mark-to-market gains receivable on outstanding derivative contracts | 1,098.31 | 1,880.91 |
| Less: Released from Hedging reserve account to statement of profit and loss under revenue account upon occurrence of forecasted sales transactions | (1,894.07) | (900.42) |
| Add: Changes in the value of derivative instrument recognised in Hedging reserve account | 2,745.80 | 305.78 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (187.96) |
| Closing balance of Mark-to-market gains receivable on outstanding derivative contracts | 1,950.04 | 1,098.31 |
| Disclosed under: | | |
| Other current asset (Refer note 21) | 1,667.91 | 841.39 |
| Other non-current asset (Refer note 16) | 282.13 | 256.92 |
| | 1,950.04 | 1,098.31 |

There were no ineffectiveness recognised in the Statement of profit and loss during the period.

38 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 fifteen years. Accordingly, a sum of ₹ 2,373.82 (Previous year ₹ 2,436.59) 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 ₹ 3,788.83 (including interest of ₹ 1,553.93) primarily on account of transfer pricing issues for the assessment years 2006-07 to 2013-14. 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 to 2010-11, the first appellate authority (the Commissioner of Income tax (Appeals)) has allowed most of these issues in favour of the company and the income tax authorities have filed an appeal with the second appellate authority (the Income Tax Appellate Tribunal). For the assessment years 2011-12 to 2013-14 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 to 2010-11, 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.

39 Related Party Disclosures

| | |
|---------------------------------|---|
| Joint Venture | Legal Practice Technologies Limited (up to December 6, 2016) |
| Key Management Personnel (KMP): | Sudhakar Ram , Vice Chairman and Managing Director John Owen, Group Chief Executive Officer (from November 1, 2016) R Venkataraman, Chairman of Mastek (UK) Limited Abhishek Singh, Chief Financial Officer (from September 17, 2016) Jamshed Jussawalla, Chief Financial Officer (up to September 16, 2016) Hiren Shah, Senior Vice President Anant Thakrar, Head - Finance of Mastek (UK) Limited Benjamin Davison, Joint Managing Director UK (up to December 10, 2016) Pralhad Koti, Managing Director of Mastek (UK) Limited Velu Pillai Mathukumar, President and Head - North America (w.e.f. June 1, 2016) |

Enterprise where KMP has control: Cashless Technologies India Private Limited (w.e.f. February 2, 2016)

Disclosure of transactions between the Group and related parties and the status of outstanding balances as on March 31, 2017, including names of the related parties comprising more than 10% of the total transactions / balances of the same type, are given below:

| | Year ended | Year ended |
|--|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| i. Transactions with key management personnel: | | |
| a) Total remuneration paid/payable : | | |
| Sudhakar Ram | 120.69 | 125.46 |
| Anant Thakrar | 126.05 | 177.35 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Prahlad Koti | 141.83 | 168.18 |
| Benjamin Davison | 98.04 | 170.80 |
| R Venkataraman | 150.25 | 219.67 |
| Velu Pillai Mathukumar | 125.66 | - |
| Others | 203.56 | 88.78 |
| b) Consideration received on exercise of options | | |
| Hiren Shah | 2.17 | 3.62 |
| Benjamin Davison | 28.19 | - |
| Anant Thakrar | 34.98 | - |
| Jamshed Jussawalla | 1.40 | - |
| ii. Transactions with joint venture to the extent not consolidated | | |
| Information technology services income | - | 2,034.31 |
| Miscellaneous income | - | 14.76 |
| iii. Enterprise where KMP has control - Cashless Technologies India Private Limited | | |
| Rental Income | 8.86 | 0.24 |
| Investments in share warrants | 0.80 | - |
| Other reimbursable expenses recovered from | 3.76 | - |
| Balances: | | |
| Trade Receivables | 0.68 | - |
| Other current assets - Reimbursable expenses receivable | 0.21 | - |
| Other current liabilities - Security and other deposits | 4.50 | - |

40 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.

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Segment Revenue | | |
| UK | 47,504.17 | 50,370.35 |
| North America | 5,614.38 | - |
| Others | 3,127.14 | 2,322.88 |
| Total | 56,245.69 | 52,693.23 |
| Segment Result | | |
| UK | 5,418.85 | 3,982.86 |
| North America | (185.01) | - |
| Others | 413.18 | (239.55) |
| Total | 5,647.02 | 3,743.31 |
| Common unallocable charges, net | (1,645.60) | (3,528.67) |
| Finance costs | (257.89) | (50.31) |
| Other income | 972.09 | 1,738.82 |
| Profit before exceptional item and tax | 4,715.62 | 1,903.15 |
| Exceptional items | 340.00 | 254.28 |
| Profit before tax | 4,375.62 | 1,648.87 |

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, net. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Other Primary Segmental information :

| | Segmental Assets | | Segmental Liabilities | |
|--|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| UK | 21,313.90 | 26,011.20 | 6,893.49 | 8,710.18 |
| North America | 11,148.61 | - | 1,310.47 | - |
| Others | 12,233.65 | 7,900.07 | 2,476.51 | 1,656.01 |
| Segmental Assets/Liabilities | 44,696.16 | 33,911.27 | 10,680.47 | 10,366.19 |
| Unallocated Corporate Assets/Liabilities, including tax assets / provision for tax | 8,263.42 | 8,882.63 | 7,419.04 | 494.77 |
| Total Assets/ Liabilities | 52,959.58 | 42,793.90 | 18,099.51 | 10,860.96 |
| | | | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Capital expenditure incurred | | | | |
| UK | | | 1,050.07 | 2,531.74 |
| North America | | | 6,942.81 | - |
| Others | | | 60.92 | 53.98 |
| Unallocated | | | 506.86 | 770.16 |
| Total | | | 8,560.66 | 3,355.88 |
| Depreciation and amortization | | | | |
| UK | | | 703.84 | 769.31 |
| North America | | | 18.18 | - |
| Others | | | 64.84 | 72.10 |
| Unallocated | | | 499.15 | 763.90 |
| Total | | | 1,286.01 | 1,605.31 |
| Non-cash expenses other than depreciation and amortization | | | | |
| UK | | | - | (21.14) |
| Others | | | 147.50 | 183.64 |
| Total | | | 147.50 | 162.50 |

b. Information about secondary segments by industry verticals

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Revenue from external customers | | |
| Government | 23,547.07 | 29,150.56 |
| Financial Services | 12,971.37 | 9,977.47 |
| Retail Services | 12,175.14 | 7,115.00 |
| Others | 7,552.11 | 6,450.20 |
| | 56,245.69 | 52,693.23 |

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.

41 Acquisition of shares of IndigoBlue Consulting Limited , UK

During the previous year, Mastek (UK) Limited, a wholly owned subsidiary had signed a Share sale and purchase agreement dated April 30, 2015 (the closure date) with shareholders of IndigoBlue Consulting Limited to acquire 100% stake in IndigoBlue Consulting Limited with effect from May 1, 2015. The maximum purchase consideration payable for the acquisition including contingent consideration, is GBP 4.03 million (₹ 3,260.37); which is payable as follows:

- GBP 2.00 million has been paid on closure date;
- GBP 0.25 million has been paid 90 days from closure date;
- working capital deficit adjustment of GBP (0.02) million;
- maximum contingent consideration of GBP 1.80 million payable over a 3 year period, on an annual basis, based on IndigoBlue meeting certain revenue and profit target norms.

The difference between total consideration paid as well as accrued contingent consideration till date amounting to GBP 2.66 million, and the value of net assets taken over as of the date of acquisition of GBP 0.25 million is accounted as Goodwill amounting to GBP 2.41 million (₹ 1,951.67) [Refer note 12(ii)]. Additional contingent consideration payable if any, as described in (iv) above, in future years would be added to goodwill on consolidation as and when due. This Goodwill on consolidation will be tested for impairment at each future reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

42 Acquisition of Trans American Information Systems Private Limited, India

During the current year, Company has acquired 100% stake in Trans American Information Systems Private Limited, India a company engaged in IT Consulting and Software Services, for a fixed consideration of ₹ 1,187.38. The difference between total consideration paid till date and the value of net assets taken over as of the date of acquisition of ₹ 606.76 is accounted as Goodwill on consolidation amounting to ₹ 580.62 [Refer note 12(ii)]. This Goodwill on consolidation will be tested for impairment at each future reporting date.

43 Pursuant to a 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 Majesco Limited (Formerly known as Minefields Computers Limited) ("Majesco India"), 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 was April 1, 2014 and the appointed date for the offshore insurance operations business transfer was November 1, 2014. The Company 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. The Scheme had also been approved by the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat and on filing with the Registrar of Companies (ROC) the said scheme had become effective from June 1, 2015. As specified in the Scheme, Mastek shareholders had been issued one equity share in Majesco India for every share held in Mastek, while retaining their existing Mastek share. Majesco India shares were listed on August 19, 2015 on the BSE and NSE, being exchanges where Mastek is currently listed.

The demerger had resulted in transfer of the assets, liabilities, Foreign currency translation reserve, Employee stock options outstanding account and Hedging reserve account including its global operations relevant to the Transferred Undertaking to Majesco India, the ultimate holding company of the Transferred Undertaking and had accordingly been given effect to in these Consolidated Financials Statements. As prescribed in the Scheme, the book value of the above net assets aggregating to ₹ 21,355.79, in previous year had been debited to: General Reserve ₹ 2,415.67 and to Surplus in Profit and Loss Account ₹18,940.12 (Refer note 4).

44 Sale of Investment in Mastek Asia Pacific Pte. Limited, Singapore ("MAP")

During the previous year, the Company had sold its entire holding of 2,850,000 equity shares of MAP (a wholly owned subsidiary) to Majesco Sdn Bhd, Malaysia for a total consideration of ₹ 180.49. This sale had resulted in a gain of ₹ 50.87, representing the difference between sale consideration and net worth of MAP, which had been included under the heading "exceptional items" in the Statement of Profit and Loss (Refer note 31).

45 Acquisition of Trans American Information Systems Inc. and Taistech LLC

During the year, Digility Inc., a wholly owned step-down subsidiary has purchased 100 equity shares of face value of \$ 0.01 each of Trans American Information Systems Inc. ("TA USA") and 100% membership interest of Taistech LLC ("TA LLC").

The purchase consideration payable for the acquisition including contingent consideration is as follows:

- US\$ 12.25 million which has been paid on closure of the agreement;
- contingent consideration payable over a 3 year period, on an annual basis, based on meeting certain revenue and profit target norms.

The difference between total consideration paid as well as accrued contingent consideration till date amounting to US\$ 12.61 million, and the value of net assets taken over of US\$ 3.32 million is accounted as Goodwill on consolidation amounting to US\$ 9.29 million (₹ 6,025.73) [Refer note 12(ii)]. Further contingent consideration payable if any, as described in (ii) above, in future years would be added to goodwill on consolidation as and when due. This Goodwill on consolidation will be tested for impairment at each future reporting date.

46 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 | ₹ | As a % of consolidated profit | ₹ |
| Parent | | | | |
| Mastek Limited | 64.67% | 22,545.99 | 68.42% | 2,525.53 |
| Subsidiaries | | | | |
| Indian | | | | |
| Trans American Information Systems Private Limited | -1.48% | (517.18) | 4.14% | 152.93 |
| Foreign | | | | |
| Mastek (UK) Limited | 34.17% | 11,913.08 | 45.03% | 1,661.93 |
| IndigoBlue Consulting Limited | 2.11% | 734.07 | 0.76% | 27.89 |
| Digility Inc. | -1.94% | (676.08) | -26.01% | (960.16) |
| Trans American Information Systems Inc. | -7.24% | (2,524.75) | 7.59% | 280.00 |
| Taistech LLC | 9.71% | 3,384.94 | 0.59% | 21.87 |
| Joint Venture | | | | |
| Foreign | | | | |
| Legal Practice Technologies Limited | - | - | -0.52% | (19.01) |

* after consolidation adjustments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(All amounts in ₹ lakhs, unless otherwise stated)****47 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016**

| Particulars | SBNs* (Amount in ₹) | Other denomination notes (Amount in ₹) | Total |
|---|--------------------------------|---|--------------|
| Closing cash in hand as on 8 November 2016 | 0.21 | 2.45 | 2.66 |
| (+) Cash of subsidiary acquired (Refer note 42) | - | 1.41 | 1.41 |
| (+) Permitted receipts | - | 0.61 | 0.61 |
| (-) Permitted payments | - | (0.65) | (0.65) |
| (-) Amount deposited in Banks | (0.21) | - | (0.21) |
| Closing cash in hand as on 30 December 2016 | - | 3.82 | 3.82 |

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

48 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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer

Dinesh Kalani
Company Secretary

Mumbai, April 20, 2017

KEY STATISTICS

MASTEK GROUP

(₹ in lakhs)

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------------|---------|---------|---------|----------------|
| | (Nine months) | | | | |
| Total Revenue | 69,247 | 93,428 | 102,970 | 54,432 | 57,218 |
| Operating Profit (EBIDT) | 6,624 | 10,130 | 7,274 | 3,559 | 6,260 |
| Net Profit | 3,432 | 5,180 | 1,773 | 1,374 | 3,691 |
| EPS (₹/share) | 13.06 | 21.08 | 7.94 | 6.02 | 15.90 |
| DPS (₹/share) | 3.00 | 4.50 | 2.50 | 2.50 | 3.50 |
| Annualised growth in | | | | | |
| Revenue (%) | 25% | 1% | 10% | 4% | 5% |
| Net Profit Margin (%) | 5% | 6% | 2% | 3% | 6% |
| Effective Depreciation rate (%) | 3% | 4% | 4% | 3% | 2% |
| Interest Cover (Times) | 111.48 | 100.65 | 16.14 | 33.77 | 17.97 |
| Return on Networth (%) | 6% | 9% | 3% | 3% | 11% |
| Debt/Equity Ratio (Debt includes Preference Shares) | 0.00 | 0.00 | 0.05 | 0.01 | 0.19 |
| Current Ratio | 2.4 | 2.4 | 2.6 | 2.6 | 3.0 |
| Debtors Turnover (No. of days) | 81 | 46 | 48 | 67 | 55 |
| Depreciation/Average Gross Block (%) | 4% | 7% | 7% | 4% | 5% |
| Dividend Payout (%) | 23% | 21% | 31% | 42% | 22% |
| Dividend Yield (%) | 2.5% | 2.2% | 0.6% | 1.8% | 1.9% |
| Operating Cashflows | 8,031 | 8,912 | 5,854 | 3,150 | 4,332 |
| Capital Expenditure in Fixed Assets | 1,668 | 2,953 | 4,816 | 3,356 | 8,858 |
| Current Investments and Cash and bank balances | 15,904 | 17,113 | 21,425 | 11,985 | 14,927 |
| Current Investments and Cash and bank balances as % of total assets | 21% | 21% | 26% | 28% | 28% |
| Book Value of Shares (₹/share) | 216.30 | 252.79 | 264.28 | 138.86 | 149.12 |
| Market Value to Book Value | 0.5 | 0.8 | 1.6 | 1.0 | 1.2 |
| Price Earning Multiple | 9 | 10 | 54 | 23 | 11 |
| Group Employees as at the year end | 3,214 | 3,123 | 3,352 | 1,298 | 1,577 |
| Offshore (Numbers) | 2,377 | 2,315 | 2,535 | 910 | 1,045 |
| Onsite (Numbers) | 837 | 808 | 817 | 388 | 532 |
| Off-shore Facility (Sq.foot) | 343,554 | 343,554 | 343,554 | 174,517 | 174,517 |
| Dividend - Equity (Including tax) | 865 | 1,023 | 534 | 648 | 233 |

MANAGEMENT DISCUSSION AND ANALYSIS

(forms part of the Directors' Report of the Company's Annual Report FY 2016-17: figures mentioned are on a consolidated basis unless otherwise mentioned)

- ❖ **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 risk, 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 Limited.

OVERVIEW OF INDUSTRY AND BUSINESS ENVIRONMENT

Global Economy & IT

CY2016 was another lacklustre year for the global economy. Stagnant international trade, subdued investment, geopolitical challenges, weak aggregate demand, currency volatility and heightened policy uncertainty conspired to slow growth during the year. The growth is expected to pick up modestly in CY2017 but risks of rising protectionism, financial vulnerabilities, potential volatility from divergent interest rate paths and disconnects between market valuations and real activity casts a long shadow over the prospects of recovery.

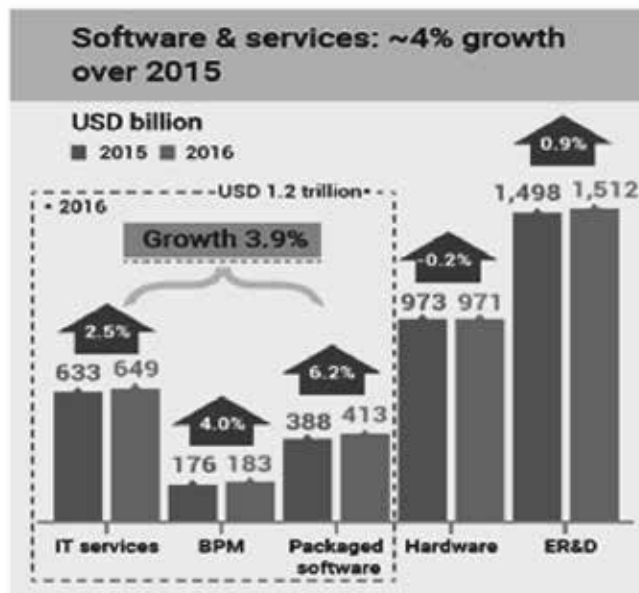
According to OECD (Organisation for Economic Co-operation and Development), global economy grew at 3.0% in CY2016, is projected to grow modestly at 3.3% in CY2017 and 3.6% in CY2018. Economic activity in both advanced economies and emerging market and developing economies are expected to accelerate strongly in 2017 -18. The projected improvement largely reflects continuing and expected combined fiscal and structural initiatives in the major economies - notably China, Canada and the United States - together with a slightly more expansionary stance in the euro area. Such policies are needed to catalyze private demand to boost global activity and reduce inequalities.

The United States (U.S) economy grew at 1.6% in CY2016, is expected to pick up to 2.4% in CY2017 and 2.8% in CY2018, boosted by potential fiscal stimulus from the new administration and more aggressive normalization of monetary policy by the central bank. The United Kingdom (UK) economy grew at 1.8% in CY2016, is projected to grow at 1.6% for CY2017 and CY2018. As the process of Brexit moving forward, there is lot of uncertainty concerning the fate of institutional and trade arrangements for the UK, thus OECD has projected slow growth for 2017-18. In China, growth is projected to slip further to 6.5% in CY2017 and to 6.3% in CY2018 from 6.7% in CY2016 as the economy makes a necessary transition away from a reliance on external demand and heavy industry toward domestic consumption and services. India continues to be fastest growing countries among emerging economies. India GDP grew at 7.0% in FY2017, is expected to grow at 7.3% in FY2018 and 7.7% in FY2019, helped by the implementation of key structural reforms and strong public sector wage growth.

Apart from the risks highlighted above, there are other events and trends that could affect the overall outlook. These includes upcoming elections in France and Germany, as well as the risk that the Italian banking crisis will have spillover effects on the rest of Europe. Also, Inflation is on the rise globally, more rapidly in some economies (U.S., UK) which is expected to have global implications for exchange rates and international trade flows.

Overall outlook identifies several financial risks where exchange rate and capital flow volatility coupled with pricing distortions are exposing the vulnerability of corporate balance sheets, particularly in emerging markets, and challenging bank profitability and the long-term stability of pension schemes in advanced economies. An increase in protectionism could risk impairing already weak growth in global trade. Hence, there is an urgent need for governments to take initiatives to manage risks, enhance economic resilience and strengthen the environment to boost growth. Focusing on policies that build structural elements into fiscal initiatives would reduce the burden on monetary policy in the advanced economies and help to boost trade, investment, productivity and wages.

According to the latest forecast by Gartner, Worldwide IT spending is projected to total USD 3.46 trillion in CY2017, a 2.7% increase from CY2016 spending of USD 3.37 trillion. By CY2018, spending is forecast to exceed USD 3.55 trillion. The growth is expected to be driven by increase in software and IT services revenue. The worldwide IT services revenue is forecast to grow at 4.2% in CY2017 and 4.7% in CY2018 aided by increase in clients spend in digital, business intelligence (BI), automation and services optimization and innovation. Global revenue in BI and analytics software market is forecast to reach USD 18.3 billion in CY2017, an increase of 7.3% from CY2016. By the end of CY2020, the market is forecast to grow to USD 22.8 billion. Most of the IT spending in CY2017 is expected to go toward application development and deployment and project-oriented services.



Source: NASSCOM STR 2017

In CY2016, the Global IT – BPM market stood at USD 1.2 trillion (excl. hardware), a growth of 3.9% over CY2015. The IT services grew at 2.5% mainly due to increase in digital projects driving the demand for consulting services around new technologies. BPM grew by 4.0% driven by increased BPaaS adoption, Robotic Process Automation (RPA) and Analytics. Global IT-BPM is forecasted to increase to USD 4 trillion by CY2025, a CAGR of 3.6% for the forecast period of CY2015 – CY2025 driven by the adoption of digital technologies. India’s IT – BPM industry is expected to grow approximately by 8% in FY2017 to USD 154 billion from USD 143 billion in FY2016. By FY2020, India’s IT-BPM sector is projected to reach USD 200-225 billion revenue and USD 350-400 billion by FY2025. IT-BPM exports from India is expected to reach USD 117 billion in FY2017.

Over next decade, the industry’s mix of technologies and demands is expected to change significantly. According to NASSCOM around 80% of incremental spend will be driven by digital technologies and half of this incremental investment is to be funded by 20-25% reduction in legacy expenditures. Digital technologies will continue to drive the sector and reach 23% / >38% share by 2020/ 2025. IT-BPM firms are focusing significant resources towards developing their digital capabilities and reorganizing themselves to catch the digital opportunity. Market evolution and thrust to get along with the disruptive environment is likely to lead the way to a new face of IT-BPM industry.

MASTEK - BUSINESS UPDATE

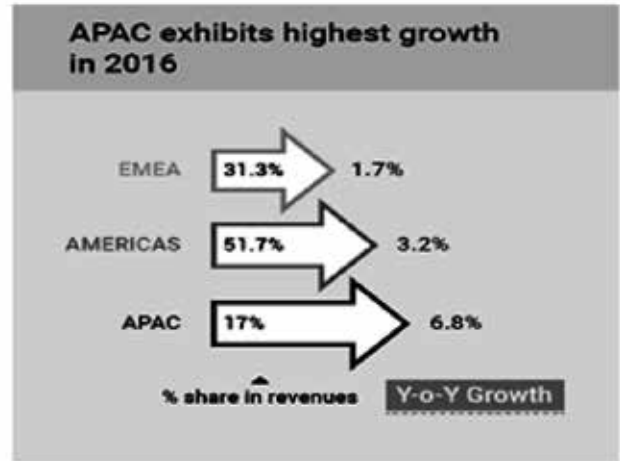
IT Services Industry

According to NASSCOM Strategic Review report, Global IT services spend grew by 2.5% in CY2016, to reach USD 649 billion from USD 633 billion in CY2015. Enterprises investing in digital platform solutions such as cloud, mobility and big data as a part of digital transformation are key drivers of spending growth. The global IT sourcing market grew at 6.2% in CY2016 to reach USD 103 -105 billion from USD 97 -99 billion in CY2015, with India accounting for 67% of the overall sourcing market. Overall IT outsourcing market remained moderate with market characterized by shift from legacy services to digital technologies, DevOps and as-a-service model.

A major percentage of this growth was led by APAC and Americas markets, with a growth rate of 6.8% and 3.2% respectively in CY2016. Traditional and mature verticals - BFSI, Manufacturing and Telecom continued to drive the growth while Healthcare and Retail share increased as Social Media, Mobility, Analytics and Cloud (SMAC) adoption increased across key industries. Custom application development and management (CADM), IT



Source: NASSCOM STR 2017



consulting services and Systems Integration (SI) grew by 3.8%, 3.9% and 3.3% respectively in CY2016.

Gartner has projected to witness a significant growth in the BI and Analytics spend in the CY2017. While the growth is expected to remain solid and is forecast to grow to USD 22.8 billion by CY2020, Gartner notes that the market is expected to decelerate from 63.6% growth in CY2015 to a projected 19% by CY2020. This reflects data and analytics becoming mainstream with growth in terms of seat expansion but revenue is expected to be dampened by pricing pressure. The modern BI and analytics as a platform emerged in the last few years to meet new organizational requirements for accessibility, agility and deeper analytical insight, shifting the market from IT-led, system-of-record reporting to business-led, agile analytics including self-service. Modern BI and analytics tools have broken the traditional data warehousing paradigms by abstracting the end-to-end process, not requiring semantic models or even a data warehouse. Gartner believes the rapidly evolving modern BI and analytics market is being influenced by the following dynamics:

- Modern BI at scale will dominate new buying;
- The emergence of smart data discovery capabilities, machine learning and automation of the entire analytics workflow will drive the next wave of market disruption;
- Need for organizations to integrate and derive insight from a growing number of multistructured data sources will drive innovation in smart self-service data preparation and smart data discovery;
- Extensibility and embeddability will be key enabler of more pervasive adoption and growth;
- Firms will need to support real-time events and streaming data capture in support of IoT use cases;
- Interest in cloud deployments will continue to grow; Gartner expects the majority of new licensing buying likely to be for cloud deployments by 2020;
- Marketplaces will create new opportunities for organizations to buy and sell analytic capabilities and speed time to insight.

According to MarketsandMarkets, global BI and Analytics Software market is expected to grow from USD 17.90 billion in CY2015 to USD 26.78 billion by CY2020, at a CAGR of 8.4%. In the current scenario, North America is expected to be the largest market on the basis of spending and adoption of BI and Analytics Market.

Digital Transformation

As technology continues to evolve rapidly and permeate more layers of business operations, digital solutions have become an integral part of growth roadmaps for most of the IT firms. In the light of technology disruption, the industry is re-structuring itself to become the Digital Solutions Partner for the world. Emerging technologies like BPAas, Internet

of Things, Social Media, Mobility, Analytics, Cloud (ISMAC) and Robotic Process Automation (RPA) are the key growth drivers for digital economy. DevOps and agile development are becoming main stream – faster time-to-market in today's disruptive environment. These technologies have changed the traditional paradigms of the industry forcing to modernize existing legacy systems. Digitization is transforming business models, the policy landscape and social norms.

Platform - based business models and engaging in the eco-systems of digital partners are emerging as critical factors for business success. IDC predicts that by 2018, more than 50% of large enterprises and more than 80% of enterprises with advanced digital transformation strategies, will create and/or partner with industry platforms. The strategic use of technologies to create platform business models is driving unprecedented growth opportunities in the rapidly expanding digital economy. The digital transformation has brought disruption in nature of work and as such the nature of jobs and the skills required in undergoing a drastic change. According to NASSCOM-McKinsey Perspective 2025 report, non-linear growth is going to be more pronounced in the future as enterprises increase automation of their business. The Digital transformation is allowing companies to offer customized and end-to-end solution to the customer. The exponential growth in digitization and internet connectivity is the backbone of the Fourth Industrial Revolution. It has the potential to propel societies forward, enable innovative business models and help governments address legitimate policy concerns.

In India, the adaption of digital technologies at the enterprise level is still at a nascent stage. Spend on social media is highest; while security, analytics spend is less than 5% of the total IT budget. BFSI, Telecom and Retail verticals are already on the digital transformation journey while Healthcare is in the early stage of adopting technologies and is yet to define a digital strategy at the organization level.

In CY2017, experts opined that IT firms will increase their investments in cloud-capable, robust BI platforms that can handle multiple data management capabilities such as integration, storage, visualization, statistical and quantitative analysis instead of multiple specialty tools.

Mastek is well poised to be among the top providers of agile digital transformation solutions.

Indian Market

The year gone by was a challenging one for the Indian IT industry. Global headwinds such as macroeconomic factors, heightened policy uncertainty and disruptive technologies impacted the resilient Indian IT industry in CY2016, forcing clients to go slow on their decision making and investment process. Although India accounts for 56% of global sourcing with 7% market share of the global software and IT services, currency volatility and innovative technologies like Artificial Intelligence, Automation, Internet of Things and Robotics have disrupted the industry's traditional products

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and solutions to enterprises worldwide. To stay competitive with the global markets, the Indian IT industry needs to invest and enhance its digital capabilities. India is now on the cusp of a massive digital revolution.

NASSCOM has projected the Indian IT-BPM industry is to grow at 7.8% in FY2017 – from USD 143 billion in FY2016 to USD 154 billion (excl. e-commerce), an addition of over USD 11 billion. The IT-BPM industry export revenue is expected to touch USD 117 billion, a growth of 7.6% over FY2016. Industry’s contribution in total service exports is estimated at 49% and the relative share to India’s GDP is 7.7%.

The Indian IT services has grown around 1.5x in the last five years and is expected to cross USD 80 billion in revenue in FY2017, with a growth rate of 7.6% over FY2016. Of the total Indian IT services market in FY2017, 81% contribution was from exports revenue and remaining 19% was came from domestic markets. The domestic market witnessed a growth of 11.4% to USD 15.2 billion in FY2017 while exports market grew at 6.7% during the same period to reach USD 65 billion. ER&D and product development continued to be the fastest growing segment at 10.5% driven by trends around IoT/connected devices and customers’ demands for disruptive innovation. The domestic market growth was driven by IS outsourcing, cloud, e-commerce and increased adoption of digital technology by consumers. The government’s ‘Digital India’ and ‘e-governance’ agenda has boosted the domestic market enormously. It is expected that the government’s several efforts and investments in digitisation, infrastructure development, implementing technology in healthcare, manufacturing and agriculture sectors will provide an opportunity of around USD 5.9 billion to IT services sector. The upcoming transition to the unified GST regime is expected to be another growth lever for the industry. Digital technologies forecast to propel the addressable market for global technology services to USD 4 trillion by 2025.

The year gone by witnessed healthy growth in APAC while US continued to be largest market with a share of nearly 62%. Europe witnessed slow growth on the back of economic turmoil brewing in the region. The vertical market was driven by emerging verticals of healthcare, retail and utilities while the traditional verticals BFSI and manufacturing continued to be mainstay with over 60% share in the industry.

Mastek in UK

The Bank of England in its latest release has raised its CY2017 UK GDP growth forecast to 2% from 1.4%. However, anticipated a slowdown in growth to expand by 1.6% in CY2018 and 1.7% in CY2019. The British Chambers of Commerce (BCC) has upgraded its UK GDP growth forecast for CY2017 from 1.1% to 1.4%, but has downgraded slightly for CY2018 from 1.4% to 1.3%, before accelerating to 1.5% in CY2019. The principal driver for the leading business group’s forecast upgrade is stronger than previously expected growth in both UK’s service sector and consumer

spending. The services sector is expected to grow by 1.9% in CY2017, 1.5% in CY2018 and 1.7% in CY2019. Manufacturing is to grow by 1.2% in CY2017, 0.7% in CY2018 and 1.0% in CY2019. The UK’s net trade position is expected to improve over the next few years. Investment is forecast to contract this year, with subdued growth predicted in the following years, as uncertainties relating to the outcomes of the UK’s negotiations with the EU persist and increasing input costs and taxes hit businesses. The pound sterling fell drastically after Brexit vote last year which lead to sharp increase in inflationary pressure impacting the overall UK economy growth. Currency strategists are of the view that pound is likely to remain volatile in coming months until there is greater clarity about the UK’s Brexit deal.

According to Deloitte research report, the UK Software Development industry is in the growth stage of its life cycle. Industry value added (IVA), the contribution of the industry to the overall economy, is expected to grow at a CAGR of 8.4% over the 10 years through 2020-21. Compared with expected CAGR of 2.1% in UK GDP over the same period, the IVA growth indicates that the industry is growing as a share of the economy. The growth stage of the industry is characterized by innovation in products and services, significant technological change and the continuous entrance of new players in the market.

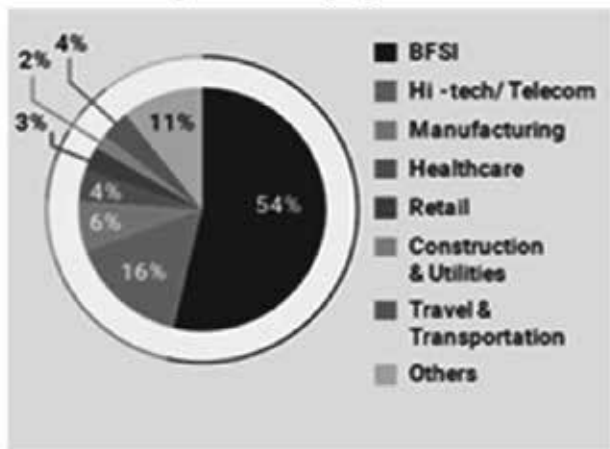
Mastek UK continued to be ranked among the top three vendors in delivering large complex programs in agile manner and helping government to cut cost and time in delivery. The Company is positioned largely in UK, as 84% of its business comes from this region. In FY2017, revenue from IndigoBlue, the agile program management consulting business in UK, contributed 9% of total operating revenue. This has given a base for building up growth and profitability, going forward.

Mastek UK is registered with the G Cloud and the GDS frameworks, which has helped create a good pipeline of opportunities in the government sector in UK. The direct customers in the government sector see value in their association with Mastek and we expect these accounts to be the foundation of our next year’s business growth. Our Retail sector has been successful opening up new accounts and the key challenge and opportunity for us is to develop this business further. Our Financial services division has been strengthened and we expect a strong showing in the coming fiscal year.

Mastek in North America

US Market presents tremendous business opportunities to IT Companies with Solutioning capabilities. Mastek re-entered the US market with its unique Solutions offerings. Mastek UK incorporated a wholly-owned subsidiary in the US, called Digility Inc in November 2015. As the digital arm of Mastek, Digility brings end-to-end solutions to Financial and Retail organizations using its unique agile based Adapt 2.0 methodology. Digility’s innovation around client portals, mobility, information centralization, Big Data and testing services have helped multiple levels of stakeholders

Revenue by Vertical (%) – FY2017E



Source: NASSCOM STR 2017

Revenue by Region (%) – FY2017E



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

achieve success through proven scalable solutions. These solutions are supported by 1000+ SCRUM certified consultants, market-leading engineering and insightful implementation.

In December 2016, Digility Inc. acquired the US-based leading digital commerce solution provider, TAISTech, and it is being integrated with Mastek operations. TAISTech provides strategic consulting, large-scale digital commerce implementations and support for the Oracle Commerce and Oracle Commerce Cloud applications. It also provides omnichannel strategy, creative design, mobile app development, ongoing maintenance and training. It delivers a personalized customer buying experience across web, mobile, social media and brick and mortar stores. This acquisition will leverage Mastek's strength in Data Warehousing, BI and Analytics, Enterprise Testing and Agile Process Consultancy Services. The acquisition has created a platform for Mastek's accelerated growth in the US market and will augment Mastek's 2020 vision to be a global leader in digital transformation services.

Apart from acquisition, Mastek also bagged its first customer in the US. An existing client in UK engaged Mastek for its US operations to deliver digital solution in Wealth Management space.

Mastek in India and Asia Pacific

India continued to grow steadily though it is a small part of the Company's operation. There has been a good momentum in the e-governance space that we operate in India both in terms of revenues, and in terms of the gross profits from these lines of business. The Company is selective in bidding for profitable business in the current financial year.

REVIEW OF FINANCIAL AND OPERATING PERFORMANCE

Financial performance review

For the year ended March 31, 2017, our business performance in terms of revenue witnessed growth. Continuing on the trend of investing, Digility Inc., the wholly owned subsidiary of Mastek UK acquired US-based leading digital commerce solution provider, TAISTech, on December 23, 2016. The acquisition is now being integrated into the Mastek operations. We also started operations in North America through Digility Inc.

Financials

On a consolidated basis, the Group registered total operating revenue of ₹ 56,246 lakhs for the year ended March 31, 2017 as compared to ₹ 52,693 lakhs for the year ended March 31, 2016, reflecting a growth of 6.7%. The Group registered a net profit of ₹ 3,691 lakhs in the year ended March 31, 2017 as compared to ₹ 1,374 lakhs in the year ended March 31, 2016, reflecting a growth of 168.6%.

Break up of Revenue by regions

| Regions | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|--------------------------------|---------------------------|--------------|---------------------------|--------------|
| | ₹ in lakhs | % of Revenue | ₹ in lakhs | % of Revenue |
| UK | 47,504 | 84.4 | 50,370 | 95.6 |
| North America | 5,615 | 10.0 | - | - |
| Others (India/Asia Pacific) | 3,127 | 5.6 | 2,323 | 4.4 |
| Total Operating Revenue | 56,246 | 100.0 | 52,693 | 100.0 |

The U.K. operations contributed ₹ 47,504 lakhs in total operating revenue for the year 2016-17 as compared to ₹ 50,370 lakhs for the year ended 2015-16, resulting in a decrease of (5.44%). This de-growth is due to depreciation of GBP vs INR. UK business grew by 1% on constant currency basis.

North America operations started in year 2016-17 and contributed ₹ 5,615 lakhs in revenues. This was driven by the organic business and acquisition of TAISTech.

Revenue of Other Region i.e. India and Asia Pacific region is Rs. 3,127 lakhs for the year 2016-17 as compared to Rs. 2,323 lakhs for the year 2015-16. This growth is due to farming of existing Government Accounts and new business from domestic Corporate Sector.

Break up of Revenue by verticals

| Verticals | 2016-17 (₹ in lakhs) | % of Revenue | 2015-16 (₹ in lakhs) | % of Revenue |
|---------------------|----------------------|--------------|----------------------|--------------|
| Government | 23,547.07 | 41.9 | 29,150.56 | 55.2 |
| Financial Services | 12,971.37 | 23.0 | 9,977.47 | 19.0 |
| Retail Services | 12,175.14 | 21.7 | 7,115.00 | 13.5 |
| IT & Other Services | 7,552.11 | 13.4 | 6,450.20 | 12.3 |
| Total | 56,245.69 | 100.0 | 52,693.23 | 100.0 |

Profitability

During the Year ended March 31, 2017, the Group earned a profit of ₹ 3,691 lakhs as compared to ₹ 1,374 lakhs for the year ended March 31, 2016. The profits for the financial year ended 2016-17 witnessed growth on account of the following:

- Operational Improvement and Cost Containment Initiatives across the Organization;
- Conclusion of a challenging account in UK;
- Focus on profitable growth across geographies.

Balance Sheet

Non-current Assets

A) Fixed Assets

Tangible assets as at March 31, 2017 were ₹ 4,329.63 lakhs as compared to ₹ 4,351.8 lakhs in the previous year. Variance is explained as below:

- Gross Addition of ₹ 1,127.16 lakhs towards Computers, Furniture and Fixtures (including acquired entity)
- Depreciation charge of ₹ 1,111.70 lakhs (including acquired entity)
- Foreign Exchange Translation Adjustment of ₹ 12.93 lakhs

Intangible assets as at March 31, 2017 were ₹ 8,886.28 lakhs as compared to ₹ 2,225.5 lakhs in the previous year. Variance is explained as below:

- Gross addition of ₹ 7,730.93 lakhs on account of Goodwill, on acquisition and purchase of computer software
- Depreciation charge of ₹ 448.72 lakhs
- Foreign exchange translation adjustment net of ₹ 612.68 lakhs.

B) Long-term loans and advances

Long term loans and advances were ₹ 4,736.93 lakhs as compared to ₹ 4,963.97 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, 2017 was ₹ 14,927 lakhs as compared to ₹ 11,984.65 lakhs in the previous year. The difference was primarily on account of Net cash generated from Operations of ₹ 4,381.80 lakhs.

B) Trade Receivables

Trade receivables as at March 31, 2017 stood at ₹ 8,510.61 lakhs as compared to ₹ 9,713.19 lakhs as at March 31, 2016 which reflects debt collection period of 55 days.

C) Short Term Loans and Advances and Other Current Assets

The short term loans and advances were at ₹ 950.32 lakhs as at March 31, 2017 as compared to ₹ 1,573.84 lakhs as at March 31, 2016. Other current assets were at ₹ 7208.14 lakhs as at March 31, 2017 as compared to ₹ 4391.18 lakhs as at March 31, 2016. The increase was driven by accrued revenue, tax credit receivable and mark-to-market gain receivables on outstanding derivative contract.

Shareholders' Funds

Total shareholders' funds as at March 31, 2017 stood at ₹ 34,860.07 lakhs as compared to ₹ 31,932.94 lakhs as at March 31, 2016. The increase was on account of profit for the year of ₹ 3690.98 lakhs, increase of ₹ 851.73

lakhs in Hedging reserve and ₹ 203.58 lakhs increase in Securities premium account. This was offset by Dividend outflow of ₹ 232.92 lakhs.

Non-current Liabilities

The total non-current liabilities stood at ₹ 7,623.79 lakhs as at March 31, 2017 as compared to ₹ 607.92 lakhs as at March 31, 2016. The increase was on account of long term borrowings of ₹ 6,504.98 lakhs during the year.

Current Liabilities

The total of current liabilities as at March 31, 2017 was ₹ 10,475.71 lakhs as compared to ₹ 10,253.1 lakhs as at March 31, 2016. The increase was on account of trade payables of ₹ 1,039.03 lakhs and it was offset by decrease in the statutory dues by ₹ 939.65 lakhs and unearned revenue by ₹ 751.25 lakhs during the year.

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.

During the year under review, Digility Inc., a wholly owned subsidiary of Mastek (UK) Limited, was recognized by CIOReview as one of the top 20 Financial Services Solution Provider in 2016. Digility's recognition in the Banking & Financial Services Industry stems from Mastek's solutions that revitalize the customer experience and deliver results that enable customers to thrive in a dynamic and challenging industry.

Digility's offerings in the SMAC i.e. Social Media, Mobile, Analytics & Cloud services can help improve efficiency, reduce time to go-to-market and provide significant enhancement in Customer Experience for our end Customers. It helps design the enterprise digital technology strategy that fits the business needs.

Client Wins during the year

Mastek added 40 new clients during the year and it finished the year with 159 active clients. This includes customers from the TAISTech. The client profile includes marquee names across the verticals in US, UK and India.

During the year, Company won "multi-year, multi-million pound" contract from one of the UK Government Department.

Update on Board of Directors: The Mastek Board currently has six members, of which four are Independent Directors and the remaining two are Promoter Directors.

Update on Acquisition: In December, 2016, Mastek entered into a share purchase agreement to acquire 100% stake in Trans American Information System Private Limited, India a Company engaged in IT Consulting and Software Services, for a fixed consideration of ₹ 1,187 lakhs. The Company has successfully completed all the closing formalities in relation to the share purchase agreement for acquisition of 100% equity shares of Trans American Information Systems Private Limited and consequently the said entity has become a wholly owned subsidiary of the Company.

Digility Inc., the US entity of Mastek Limited successfully acquired 100% stake in Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC) companies engaged in IT Consulting and Software Services. The consideration for the acquisition comprises a fixed consideration of USD 12.25 million (₹ 8,321 lakhs) plus a contingent consideration based on achievement of revenue and EBITDA targets over a period of 3 years, from the date of acquisition. Pursuant to the acquisition, Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC) have now become wholly owned subsidiaries of Digility Inc., U.S. and consequently, they have also become step down wholly owned overseas subsidiaries of the Company.

People Strength: As on March 31, 2017, the Company had a total headcount of 1,577 as compared to 1,298 employees at the end of March 31, 2016. 33.7% of the current employee strength resides in onshore locations of USA and UK whereas the rest of them are in offshore locations in India. The Company continues to recruit fresh talent and intends to add more technical resources at various levels during the new fiscal.

Dividend: The Company paid an interim dividend of ₹ 1 per Equity Share for the year 2016-17. The Company has also recommended a final dividend of 50% (₹ 2.50 per share) at the meeting held on 20th April, 2017. Total Dividend for the year 2016-17 including interim dividend works out to 70% or ₹ 3.50 per share for Face Value of ₹ 5 per share.

Industry Recognition - Mastek, either directly or through its clients, received multiple awards and accolades during the year including:

- Home Office Immigration Platforms Technologies (IPT) Portfolio won the prestigious 'Best Agile Project Award 2016' at the European Testing Awards.
- Digility Inc. recognized by CIOReview magazine as one of the 20 most promising Financial Services Technology Solutions Provider in 2016.
- Mastek UK, recognized as an 'Agile Disruptor' in UK Public Sector by TechMarketView in FY2016.

BUSINESS OUTLOOK

The year ended was in line with Company's expectations, both from financial performance as well as the capability building for driving the growth of the organization. The management continued to remain focused on its core business across key verticals - Government, Retail and Financial Services.

The year also marked by acquisition of Trans American Information Systems Private Limited, Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC). Mastek has successfully completed the acquisition and now the acquired entities are in the process of getting integrated with it. This acquisition has created a platform for Mastek's accelerated growth in the US market and will augment Mastek's 2020 vision to be a global leader in digital transformation services. The acquisition has allowed Mastek to leverage its service delivery capabilities in US geography. The said event was in line with the corporate transformation strategy and the Company expects a lot of cross-sell, up-sell opportunities between the TAISTech customer base and the Mastek capabilities going forward. The Company will continue to invest in agile methodologies in line with its aspiration of being involved in large and complex transformation programs which will help its customers to leverage digital opportunities in agile manner. The Company sees significant traction in agile and digital transformation solutions and expects good growth momentum going forward.

Another key event that happened during the year was the appointment of Mr. John Owen as Group CEO to lead Mastek. Mr. Owen has a strong background in sales, marketing and running business in UK/Europe. He will be handling all the operational business of Mastek across geographies. He is an ideal fit to take Mastek to the next level.

From the geography perspective, UK continued to be the major contributor to revenue of Mastek. It contributed 84% of the total revenue for the year. With acquisition of TAISTech and organic revenues in Digility Inc., US operations contributed to 10% of the revenue for the year. Company expects to see good revenue growth in the US going forward. India business remained steady and was in line with Company's expectation. The Company is selective in bidding for profitable business in the current financial year.

Our Retail business has started picking up the growth momentum and has added new logos this year. Company did multiple pilot programs with large retailers and expects some of these to result in larger engagements through the years. In the Banking & Financial Services vertical, Company is focusing on Wealth Management and Digital Banking space based on its successful engagement in this space.

Overall, the Company is geared up to make rapid progress in Digital Transformation space and accelerate its growth in US and UK markets. It is well poised to become a leader in agile and digital transformation solutions. The Company expects to have a predictable and profitable financial performance in the coming years.

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 some 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 BREXIT, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movement in economic cycle 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 USA 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 risk: 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) 2017

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 ₹70/- (premium ₹60/-) followed by another public issue in 1996 at a price of ₹190/- (premium of ₹180/-). The Company issued bonus shares in the ratio of 1:1 in January 2000. The Company's shares were sub divided from ₹10/- to ₹5/- in November 2000. The Company issued bonus shares in the ratio of 1:1 in April 2006.

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

Mastek Limited has the following subsidiaries located in India, United Kingdom & United States:

Trans American Information Systems Private Limited - India

Mastek (UK) Limited - UK.

Indigo Blue Consulting Ltd in - UK (Wholly owned subsidiary of Mastek (UK) Limited)

Digility Inc - USA (Wholly owned subsidiary of Mastek (UK) Limited)

TaisTech LLC, USA – (Wholly owned subsidiary of Digility Inc., U.S.A)

Trans American Information Systems Inc. - USA – (Wholly owned subsidiary of Digility Inc., U.S.A)

3. WHAT IS THE CORE BUSINESS OF MASTEK LIMITED?

Mastek is a publicly held (NSE: MASTEK; BSE: 523704) leading IT player with global operations providing enterprise solutions to government, retail and financial services organizations worldwide. With its principal offshore delivery facility based at Mumbai, India, Mastek operates in the UK and US regions. Incorporated in 1982, Mastek has been at the forefront of technology and has made significant investments in creating intellectual property, which along with proven methodologies and processes, increase IT value generation to its customers through onsite and offshore deliveries.

4. WHAT IS THE EMPLOYEE STRENGTH OF MASTEK GROUP?

As on March 31, 2017, the Mastek Group had 1577 employees.

5. HOW MANY SOFTWARE DEVELOPMENT CENTRES DOES MASTEK HAVE?

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

6. HOW MANY MARKETING OFFICES DOES MASTEK HAVE?

Mastek has 7 Marketing offices : 2 in UK, 3 in U.S.A 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 PAST YEARS' DIVIDEND TRACK RECORD OF MASTEK LIMITED?

| Fiscal Year | Share Outstanding ₹ in Mn | Dividend per share | Total Dividend in ₹ in lakhs |
|-------------|------------------------------|--------------------|---------------------------------|
| 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 | - | - |
| 2012 | 27.02 | - | - |
| 2013 | 24.64 | 3.00 | 739.15 |
| 2014 | 22.16 | 4.50 | 1040.59 |
| 2015 | 22.55 | 2.50 | 563.94 |
| 2016 | 23.00 | 2.50 | 574.41 |
| 2017 | 23.38 | 3.50 | 817.35 |

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 in the "Investor relation" section.

These are also available on the websites of BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com), where the shares of the Company are listed.

10. WHO IS THE REGISTRAR AND SHARE TRANSFER AGENT (RTA)?

The Registrar and Share Transfer Agent (RTA) of Mastek Limited is:

Karvy Computershare Private Limited

Unit: Mastek Limited

Registered Office: Karvy Selenium, Tower B,

Plot No. 31-32, Gachibowli, Nanakramguda,

Financial District, Hyderabad – 500032, Telangana.

Phone: Tel.: +91 040-6716 2222 Fax: +91 040-23420814

Toll Free no.: 1800-345-4001

E-mail: einward.ris@karvy.com

Contact Person: Mr. V.K. Jayaraman

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 Company's Registrar & share transfer agent at the above mentioned address.

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

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

You may contact Company's Registrar & Share transfer agent, KARVY COMPUTERSHARE PRIVATE LIMITED, who 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.

13. IS AUTOMATED CLEARING HOUSE (ACH) MODE FACILITY AVAILABLE FOR PAYMENT OF DIVIDEND?

Mastek extends ACH mode facility to all its shareholders. The dividend amount of shareholders availing ACH mode facility is directly credited to their bank accounts. Shareholders holding shares in physical form may submit a Mandate form to Karvy Computershare Private Limited (RTA) whose address is given above for availing ACH mode facility.

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 and www.cdslindia.com. 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).

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 application form annexed elsewhere in this Report can be filled and sent to the Registrar and Share Transfer Agent of the Company. As a part of Green initiative by the Ministry of Corporate Affairs (MCA), now members can receive various communications and correspondence including Annual Report through electronic mode i.e. e-mail. In this connection, we request the Members to support the green initiative by registering their e-mail id's in the annexed format to receive various communications to be sent by the Company, electronically.

1. Members holding the shares in physical form may send the communication to the Registrar and Share Transfer Agents (RTA) Karvy Computershare Private Limited either physically or thro e-mail at:(a)einward.ris@karvy.com OR (b) investor_grievances@mastek.com
2. Members holding the shares in demat form may furnish the details to the respective Depository Participants in their prescribed formats.

The E-communication registration form should be signed by the sole/first named Member as per the specimen signature recorded with the RTA. Upon a specific request, even after registering the e-communication, members are entitled to receive such communications in physical form.

* * *

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors has pleasure to forward the following Report for the year ended March 31, 2017.

1. FINANCIAL RESULTS- CONSOLIDATED RESULTS OF MASTEK LIMITED AND ITS SUBSIDIARIES

(₹ in lakhs)

| PARTICULARS | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Revenue | | |
| Income from IT Services | 55,942.19 | 52,526.65 |
| Other operating revenue | 303.50 | 166.58 |
| Total Operating Revenue | 56,245.69 | 52,693.23 |
| Other Income | 972.09 | 1,738.82 |
| Total Revenue | 57,217.78 | 54,432.05 |
| Expenses | 50,958.26 | 50,873.27 |
| Depreciation and amortization expenses | 1286.01 | 1,605.31 |
| Finance costs | 257.89 | 50.31 |
| Exceptional items | (340.00) | (254.28) |
| Profit before tax | 4,375.62 | 1,648.87 |
| Tax expense | 684.64 | 274.41 |
| Profit after tax | 3,690.98 | 1,374.46 |
| Add: Profit brought forward from Previous Year | 24,705.38 | 42,918.78 |
| Profit available for appropriation | 28,396.37 | 44,293.24 |
| Adjustment & Pursuant to Scheme of Arrangement | - | (18,940.12) |
| Dividend | (232.92) | (577.07) |
| Dividend Distribution Tax | - | (70.66) |
| Transfer to General Reserves | - | - |
| Balance carried to Balance Sheet | 28,163.44 | 24,705.38 |

FINANCIAL RESULTS- MASTEK LIMITED STANDALONE

(₹ in lakhs)

| PARTICULARS | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Revenue | | |
| Income from IT Services | 16,127.89 | 37,843.96 |
| Other operating revenue | 1,050.33 | 22.81 |
| Total Operating Revenue | 17,178.22 | 37,866.77 |
| Other Income | 1,126.40 | 1,647.49 |
| Total Revenue | 18,304.62 | 39,514.26 |
| Expenses | 14,146.70 | 35,633.73 |
| Depreciation and amortization expenses | 1,203.84 | 1,488.51 |
| Finance costs | 16.83 | 23.68 |
| Exceptional items | (340.00) | (300.20) |
| Profit before tax | 2,597.25 | 2,068.14 |
| Tax expense | 71.72 | 731.57 |
| Profit after tax | 2,525.53 | 1,336.57 |
| Add: Profit brought forward from Previous Year | 14,846.30 | 36,037.15 |
| Profit available for appropriation | 17,371.83 | 37,373.71 |
| Adjustment & Pursuant to Scheme of Arrangement | - | (21,879.69) |
| Dividend | (232.92) | (577.07) |
| Dividend Distribution Tax | - | (70.66) |
| Transfer to General Reserves | - | - |
| Balance carried to Balance Sheet | 17,138.91 | 14,846.30 |

2. OVERVIEW OF THE FINANCIAL PERFORMANCE

A. MASTEK OPERATIONS

On a consolidated basis, the Group registered total operating revenue of ₹ 56,246 lakhs for the year ended March 31, 2017 as compared to ₹ 52,693 lakhs for the year ended March 31, 2016 which is an increase of 6.7%. The Group registered a net profit of ₹ 3,691 lakhs in the year ended March 31, 2017 as compared to ₹ 1,374 lakhs in the year ended March 31, 2016, thereby registering an increase of 168.6%.

On a standalone basis, Mastek reported an operating income of ₹ 17,178 lakhs for the year ended March 31, 2017, as compared to ₹ 37,867 lakhs for the year ended March 31, 2016. The Company made a Net profit of ₹ 2,526 lakhs for the year ended March 31, 2017 as compared to Net Profit of ₹ 1,337 lakhs for the year ended March 31, 2016. Standalone revenue is reduced during the year as Company has revised its pricing policy effective April, 2016. Further details are included in Notes 42 of notes to the Accounts of Standalone Financials.

The Consolidated Financial Statements of the Company for the year ended March 31, 2017 are prepared in compliance with the applicable provisions of the Companies Act, 2013, Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said financial statements have been prepared on the basis of the audited financial statements of the Company and its subsidiaries which have been approved by their respective Board of Directors.

No material changes or commitments have occurred between the end of the Financial Year and the date of this Report which affect the financial statements of the Company in respect of the Financial Year.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Standalone and Consolidated Financial Statements along with the Directors' Report and Auditors' Report thereon form part of this Annual Report. The Financial Statement of the Company are also available on the website of the Company and can be accessed at the weblink: <http://www.mastek.com/financial-information>.

B. BREAKUP OF THE OPERATING REVENUE BY REGIONS

| Region | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|--------------------------------|------------------------------|--------------|------------------------------|--------------|
| | ₹ in lakhs | % of Revenue | ₹ in lakhs | % of Revenue |
| UK | 47,504 | 84.4 | 50,370 | 95.6 |
| North America | 5,615 | 10.0 | - | - |
| (India/Asia Pacific) | 3,127 | 5.6 | 2,323 | 4.4 |
| Total Operating Revenue | 56,246 | 100.0 | 52,693 | 100.0 |

The U.K. operations clocked Revenues of ₹ 47,504 lakhs during the year 2016-17 as compared to ₹ 50,370 lakhs in the previous year, resulting in a decrease of (5.44%). This de-growth is due to depreciation of GBP vs INR. UK business grew by 1% on constant currency terms.

Mastek established its presence in the USA by acquisition of TAISTech LLC and Trans American Information Systems Inc. through Digility Inc. USA, a step-down subsidiary of Mastek Limited. The US operations clocked revenues of ₹ 5,615 lakhs for the period December 23, 2016 to March 31, 2017.

DIRECTORS' REPORT (Contd.)

The share of total operating revenue of other region, i.e. India as a percentage of total operating revenue of the Group was 5.6%.

C. BREAKUP OF THE OPERATING REVENUE BY VERTICALS

| Region | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---------------------|------------------------------|-----------------|------------------------------|-----------------|
| | ₹ in lakhs | % of Revenue | ₹ in lakhs | % of Revenue |
| Government | 23,547.07 | 41.9 | 29,151 | 55.2 |
| Financial Services | 12,971.37 | 23.0 | 9,977 | 19.0 |
| Retail Services | 12,175.14 | 21.7 | 7,115 | 13.5 |
| IT & Other Services | 7,552.11 | 13.4 | 6,450 | 12.3 |
| Total | 56,245.69 | 100 | 52,693 | 100 |

PROFITABILITY

During the Year ended March 31, 2017, the Group earned a profit of ₹ 3,691 lakhs as compared to ₹ 1,374 lakhs for the year ended March 31, 2016. The profits for the financial year ended 2016-17 witnessed growth on account of the following:

- Operational Improvement and Cost Containment Initiatives across the Organization;
- Conclusion of a challenging account in UK;
- Focus on profitable growth across geographies.

D. UPDATE ON PROGRESS OF ACQUISITION

In December 20 16, Mastek Ltd entered into a share purchase agreement to acquire 100% stake in Trans American Information System Private Limited, India a Company engaged in IT Consulting and Software Services, for a fixed consideration of ₹ 1,187 lakhs. The Company has successfully completed all the closing formalities in relation to the share purchase agreement for acquisition of 100% equity shares of Trans American Information Systems Private Limited and consequently the said entity has become a wholly owned subsidiary of the Company with effect from December 23, 2016.

On December 23, 2016, Digility Inc., the step-down subsidiary of Mastek Limited in the USA successfully acquired 100% stake in Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC) companies engaged in IT Consulting and Software Services. The consideration for the acquisition comprises a fixed consideration of USD 12.25 million (₹ 8,321 lakhs) plus a contingent consideration based on achievement of revenue and EBITDA targets over a period of 3 years, from the date of acquisition. Pursuant to acquisition, Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC) have now become wholly owned subsidiaries of Digility Inc., U.S. which is a wholly owned subsidiary of Mastek (UK) Limited, and consequently, they have become step down wholly owned overseas subsidiaries of the Company.

3. HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES AND THEIR CONTRIBUTION TO OVERALL PERFORMANCE OF THE COMPANY

Your Company continues to be the Holding Company of Mastek (UK) Limited, which in turn has IndigoBlue Consulting Ltd, UK and Digility Inc. USA as its wholly owned subsidiaries.

During the year under review, your Company has acquired 100% stake of Trans American Information Systems Private Limited and subsequently it became a Wholly Owned Subsidiary of Mastek Limited.

Digility Inc. USA, the step down subsidiary of your Company has acquired TAISTech LLC, USA and Trans American Information Systems Inc. USA, which in turn have become wholly owned subsidiaries of Digility Inc. USA and consequently, they have also become step down wholly owned overseas subsidiaries of the Company.

Legal Practice Technologies Limited, UK (LPT) a Joint Venture between the Law Society, UK and Mastek (UK) Limited (Wholly Owned Subsidiary of Mastek Limited) was dissolved with effect from December 6, 2016 after complying with the legal process.

About Subsidiaries:

- **Mastek (UK) Ltd, a wholly owned subsidiary of Mastek Ltd**, 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. Its total turnover for the year was ₹ 37,654.34 lakhs and its contribution to Mastek profitability is 45.03% during the year.

- **IndigoBlue Consulting Ltd, a wholly owned subsidiary of Mastek (UK) Ltd**, is a leading UK consultancy organization specializing in Agile programme and project management. Its total turnover for the year was ₹ 5,728.03 lakhs and its contribution to Mastek profitability is 0.76% during the year.

- **Digility Inc., USA, a wholly owned subsidiary of Mastek (UK) Ltd**, is a niche digital transformation services provider, which uses agile methodologies to service customers in the financial and retail sectors through the Agile Development, Data Warehouse, Business Intelligence and Testing Services DNA. Its total turnover for the year was ₹ 67.77 lakhs. Investment in Sales and Marketing along with delivery cost resulted in losses. Its contribution to Mastek profitability is (26.01%) during the year.

- **TAISTech LLC, USA and Trans American Information Systems Inc. USA** are the wholly owned subsidiaries of Digility Inc., USA. TAISTech is a global digital services firm focused on implementing and maintaining the Oracle Commerce and Oracle Commerce Cloud applications, as well as integrating them with the full suite of Oracle Customer Experience Products. Its total turnover for the year was ₹ 7,110.16 and its contribution to Mastek profitability is 8.18% during the year.

- **Trans American Information Systems Private Limited, India, a wholly owned subsidiary of Mastek Limited** is a Company with deep routed capability in providing high skilled resources and end-to-end e-commerce services including strategy, creative design, implementation and managed services. having presence in India and supporting US Customers. Its total turnover for the year was ₹ 898.57 and its contribution to Mastek profitability is 4.14% during the year.

- **Legal Practice Technologies Ltd UK**, a Joint Venture between The Law Society, UK and Mastek (UK) Ltd. It was incorporated in 2014 under the laws of England. Legal Practice Technologies Limited, UK (LPT) a Joint Venture between the Law Society, UK and Mastek (UK) Limited (Wholly Owned Subsidiary of Mastek Limited) had made by an application for strike off of name under local laws and was dissolved with effect from December 6, 2016 after complying with the legal process.

Your Company has two direct subsidiaries, and four step down subsidiaries as at March 31, 2017 and the statement containing salient features of the financial statements of all the subsidiaries, in Form AOC-1 is annexed as **Annexure 1**.

4. INDUSTRY SCENARIO

According to NASSCOM strategic review 2017, Indian IT Services and BPM industry is expected to grow approximately by 8% in FY2017 to USD 154 billion from USD 143 billion in FY2016. By 2020, India's IT-BPM sector is projected to reach USD 200-225 billion revenue and USD 350-400 billion by 2025. IT-BPM exports from India is

expected to reach USD 117 billion in FY2017. Driven by the adoption of digital technologies, the total addressable market for global IT-BPM is expected to increase to USD 4 trillion by 2025, a CAGR of 3.6% for the forecast period of 2015 – 2025. Over next decade, the industry's mix of technologies and demands is expected to change significantly. Digital technologies will continue to drive the sector and reach 23%/>38% share by 2020/ 2025. IT-BPM firms are focusing significant resources towards developing their digital capabilities and reorganizing themselves to catch the digital opportunity. Market evolution and thrust to get along with the disruptive environment is likely to lead the way to a new face of IT-BPM industry.

According to Gartner's latest report, worldwide IT spending is projected to total USD 3.46 trillion in CY2017, a 2.7% increase from CY2016 spending of USD 3.37 trillion. By CY2018, spending is forecast to exceed USD 3.55 trillion. The growth is expected to be driven by increase in software and IT services revenue. The worldwide IT services revenue is forecast to grow at 4.2% in CY2017 and 4.7% in CY2018 aided by increase in clients spend in digital, business intelligent, automation and services optimization and innovation. Global revenue in the business intelligence (BI) and analytics software market is forecast to reach USD 18.3 billion in CY2017, an increase of 7.3% from CY2016. By the end of CY2020, the market is forecast to grow to USD 22.8 billion.

According to Gartner, Software market in India is forecast to total USD 5.8 billion in CY2017, a 12.8% increase from CY2016 estimates of USD 5.2 billion. The enterprise software marketplace is dynamic and ever-changing. The growth is being driven by trends like increasing adoption of Software as a Service (SaaS) and open source software (OSS), changing buying behaviours, Digital India initiative of the Indian government, mobility, influence of other emerging markets, cloud-based implementations and new consumption models.

BI and Data Analytics Trends:

Gartner has projected to witness a solid growth in the BI and Analytics spend in the coming year, with the New Zealand and Australian markets both forecast to see growth in excess of the global average as businesses seek accessibility, agility and deeper analytical insight. While the growth is expected to remain solid and is forecast to grow to USD 22.8 billion by CY2020, Gartner notes that the market is expected to decelerate from 63.6% growth in CY2015 to a projected 19% by CY2020. This reflects data and analytics becoming mainstream with growth in terms of seat expansion but revenue is expected to be dampened by pricing pressure.

According to Markets, global BI and Analytics Software market is expected to grow from USD 17.90 billion in CY2015 to USD 26.78 billion by CY2020, at a CAGR of 8.4%. In the current scenario, North America is expected to be the largest market on the basis of spending and adoption of Business Intelligence and Analytics Software Market.

In CY2017, experts opined that IT firms will increase their investments in cloud-capable, robust BI platforms that can handle multiple data management capabilities such as integration, storage, visualization, statistical and quantitative analysis, instead of multiple specialty tools.

IT Spending: Market Size

CY2017 is poised to be a rebound year in IT spending. Gartner has projected the worldwide IT spending to touch USD 3.46 trillion in CY2017, an increase of 2.7% from CY2016 spending of USD 3.37 trillion. For CY2020 worldwide IT spending is forecasted to grow 2.9% amounting to USD 3.79 trillion. The worldwide IT services spend is forecast to grow 4.2% in CY2017. The Gartner in its report said that during the year under review some major trends have converged, including cloud, blockchain, digital business and artificial intelligence which should have pushed IT spending much higher than 2.7% growth. However, due to political uncertainty in global markets that was seen in 2016, headed by the two most mediatic ones: Brexit and the intention of the UK to leave the EU and Presidential elections

of the United States, has fostered a wait-and-see approach causing many businesses to forestall IT investments.

Gartner has forecasted that the IT spending in Europe, the Middle East and Africa (EMEA) will total USD 1.25 trillion in CY2017, an increase of 1.9% from CY2016 spending of USD 1.23 trillion. Spending is on rise in EMEA and the segments that will contribute most to overall IT spending growth in CY2017 are Software and IT services which will grow by 6.8% and 4.1% respectively in CY2017.

According to Gartner, Government of India is projected to spend \$7.8 billion on information technology in CY2017, an increase of 9.5% over CY2016. Software segment spending is projected to grow 15.7% in CY2017 to reach USD 1 billion. IT services is expected to grow 14.6% in CY2017 to reach USD 2 billion, making it the largest segment within the IT spending category. The key vertical segments driving IT spending growth include the communications, media and services, banking and securities, manufacturing and utilities markets. CIOs in India are prioritizing digitalization and rivalling global top performers when it comes to their commitment to digital business. Gartner's annual global survey of CIOs found that average IT budgets in India are expected to grow by 10.7% in CY2017, nearly five times faster than the overall global average of a 2.2% increase. Enterprises investing in digital platform such as cloud, mobility and big data are the key drivers of spending growth.

5. BUSINESS OUTLOOK

The year ended was in line with Company's expectations, both from financial performance as well as the capability building for driving the growth of the organization. The management continued to remain focused on its core business across key verticals - Government, Retail and Financial Services.

The year also marked by acquisition of Trans American Information Systems Private Limited, Trans American Information Systems Inc., USA (TA USA) and TAISTech LLC, USA (TA LLC). Mastek has successfully completed the acquisition and now the acquired entities are in the process of getting integrated with it. This acquisition has created a platform for Mastek's accelerated growth in the US market and will augment Mastek's 2020 vision to be a global leader in digital transformation services. The acquisition has allowed Mastek to leverage its service delivery capabilities in US geography. The said event was in line with the corporate transformation strategy and the Company expects a lot of cross-sell, up-sell opportunities between the TAISTech customer base and the Mastek capabilities going forward. The Company will continue to invest in agile methodologies in line with its aspiration of being involved in large and complex transformation programs which will help its customers to leverage digital opportunities in agile manner. The Company sees significant traction in agile and digital transformation solutions and expects good growth momentum going forward.

Another key event that happened during the year was the appointment of Mr. John Owen as Group CEO to lead Mastek. Mr. Owen has a strong background in sales, marketing and running business in UK/Europe. He will be handling all the operational business of Mastek across geographies. He is an ideal fit to take Mastek to the next level.

From the geography perspective, UK continued to be the major contributor to revenue of Mastek. It contributed 84% of the total revenue for the year. With acquisition of TAISTech and organic revenues in Digility Inc., US operations contributed to 10% of the revenue for the year. Company expects to see good revenue growth in the US going forward. India business remained steady and was in line with Company's expectation. The Company is selective in bidding for profitable business in the current financial year.

Our Retail business has started picking up the growth momentum and has added new logos this year. Company did multiple pilot programs with large retailers and expects some of these to result in larger engagements through the years. In the Banking & Financial Services vertical, Company is focusing on Wealth Management and Digital Banking space based on its successful engagement in this space.

DIRECTORS' REPORT (Contd.)

Overall, the Company is geared up to make rapid progress in Digital Transformation space and accelerate its growth in US and UK markets. It is well poised to become a leader in agile and digital transformation solutions. The Company expects to have a predictable and profitable financial performance in the coming years.

6. DIVIDEND & RESERVES

The Board of Directors at its meeting held on October 18, 2016 approved payment of Interim Dividend of Re. 1 per Equity share. The Board of Directors are pleased to recommend the payment of a final dividend at the rate of ₹ 2.50/- per equity share (face value of ₹ 5/- each). Therefore, the total dividend for the year ended March 31, 2017 (including interim dividend of ₹ 1/- per share) stands at ₹ 3.50/- per share, involving a total outflow of ₹ 232.92 lakhs. The dividend payout ratio is 70%. The Company had paid total dividend of ₹ 2.50/- per share for the year ended March 31, 2016.

The dividend, if approved, at the ensuing 35th Annual General Meeting (AGM), will be paid to those shareholders whose names appear on the Register of Members of the Company as of the end of the day on June 15, 2017, being the record date.

During the year, under review, no amount from profit was transferred to General Reserves.

7. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT UNDER SECTION 186

Details of Loans and Guarantees provided and Investments made are covered under provisions of Section 186 of the Companies Act, 2013 are given in detail in the notes to the financial statements.

Company has provided a Corporate guarantee for an amount of USD 12 mn. and also security/ charge/ mortgage over its Property at Pune as a Security for a term loan facility availed of an aggregate principal amount not exceeding USD 10 million from Axis Bank UK Ltd valid for a period of 5 (five) years for acquisition of 100% share-holding in two US based software services companies TAISTech LLC, USA and Trans American Information Systems Inc. USA by Digility Inc. a first level step-down subsidiary of Mastek Limited.

8. OTHER 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, extract of Annual Return is annexed as **Annexure 2**.

ii) Number of Board Meetings:

The Board of Directors met 8 (Eight) times during the financial year 2016-17. The details of the board meetings and the attendance of the Directors there at 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 3,80,259 Equity Shares of face value of ₹ 5/- each for a total nominal value of ₹ 19,01,295/- under various ESOP Plans to the eligible employees of the Company, who exercised their vested Employee Stock Options. These Equity Shares rank pari passu in all respects with the existing Equity Shares of the Company.

As on March 31, 2017, the issued, subscribed and paid up share capital of your Company stood at ₹ 11,68,87,665/- comprising 2,33,77,533 Equity shares of ₹ 5/- each.

iv) Composition of Audit Committee:

Mastek has an Audit Committee that currently comprises of four Independent Directors and one Non-Executive Director. The

Chairman of the Audit Committee is an Independent Director. The Independent Directors are accomplished professionals from the corporate fields. The Chief Financial Officer of the Company attends the meetings on invitation. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2017 the Committee met 4 (Four) times. The attendance of the members at the meetings is stated below:

| Name of Members | Status | No. of Meetings attended |
|--|----------|--------------------------|
| Mr. S. Sandilya | Chairman | 4 |
| Mr. Ashank Desai | Member | 4 |
| Mr. Atul Kanagat | Member | 4 |
| Ms. Priti Rao | Member | 4 |
| Mr. Sudhakar Ram (upto July 20, 2016) | Member | 2 |
| Mr. Keith Bogg (Appointed w.e.f. January 17, 2017) | Member | NA |

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

During the year all the recommendations of the Audit Committee were accepted by the Board.

v) Related Party Transactions:

All the Related Party Transactions are entered into on an arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Regulations'). There are no materially 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 on a quarterly basis. Omnibus approval is given by Audit Committee for the transactions which are foreseen and are repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The said transactions are approved by the Audit Committee as well as by the Board.

The approved Related Party Transactions Policy is available on the Company's website <http://www.mastek.com/corporate-governance>.

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in FORM AOC-2 is annexed as **Annexure 3**.

vi) Changes in the Nature of Business:

There has been no change in the nature of business of the Company during the financial year ended March 31, 2017.

vii) Listing with Stock Exchanges:

Your Company is listed with The BSE Limited and National Stock Exchange of India Limited and the Company has paid the listing fees to each of the Exchanges.

viii) Compliance with Secretarial Standards on Board and Annual General Meeting:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on meetings of Board of Directors and General Meetings.

ix) Insurance:

The Company has sufficiently insured itself under various Insurance policies to mitigate risks arising from third party or customer claims, property, casualty, etc.

9. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligation. ICRA Limited, a reputed Rating Agency, has assigned [ICRA]A+ rating for fund based limits and [ICRA]A1+ for non-fund based limits for the Working Capital facilities granted to the Company by its Bankers.

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 Regulations, the Company has established a Whistle Blower Policy / Vigil Mechanism Policy and the same is placed on the web site of the Company. viz www.mastek.com/corporate-governance.

The Company has a Vigil Mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail of the mechanism.

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

11. INDUSTRY RECOGNITION

Mastek, either directly or through its clients, received multiple awards and accolades during the year including:

- Home Office Immigration Platforms Technologies (IPT) Portfolio won the prestigious 'Best Agile Project Award 2016' at the European Testing Awards.
- Digility Inc. recognized by CIOReview magazine as one of the 20 most promising Financial Services Technology Solutions Provider in 2016.
- Mastek UK, recognized as an 'Agile Disruptor' in UK Public Sector by TechMarketView in FY2016.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of 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 March 31, 2017, 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 judgments 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 March 31, 2017 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 such internal financial controls are adequate and were operating effectively; and
- (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

M/s. Price Waterhouse Chartered Accountants LLP, were appointed as statutory auditors of the Company at the 32nd Annual General Meeting (AGM) held on July 23, 2014 for a period of 3 years and accordingly they will hold office of the auditors up to the conclusion of the 35th AGM and hence, would retire at the conclusion of the forthcoming 35th AGM. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. The Audit Committee and the Board places on record its appreciation for the contributions of M/s. Price Waterhouse Chartered Accountants LLP, during their tenure as the Statutory Auditors of the Company. For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of business, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, the Audit Committee recommended M/s. Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), Mumbai as the Company's new Statutory Auditor.

Accordingly, as per the said requirements of the Companies Act, 2013, the Audit Committee and the Board of Directors at their meeting held on April 20, 2017 proposed the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), as the Statutory Auditors of the Company, subject to the approval of the shareholder at the ensuing Annual General Meeting (AGM), for a period of 5 years, commencing from the conclusion of 35th AGM till the conclusion of the 40th AGM, subject to ratification by members every year, as may be applicable.

M/s. Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have also confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

M/s. Walker Chandiook & Co LLP (FRN 001076N/N500013), Chartered Accountants (the Firm) is an independent Indian Limited Liability Partnership firm established in 1935 with its head office at L-41, Connaught Circus, New Delhi- 110001.

The firm provides audit, tax and advisory services through its 42 partners with 850+ staff from its offices in 11 cities, namely New Delhi, Mumbai, Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Kochi, Noida and Pune. The firm is registered with the Institute of Chartered Accountants of India (ICAI) as well as the PCAOB (US Public Company Accountancy Oversight Board).

Further, the report of the Statutory Auditors along with the notes is enclosed with the financial statements. 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. Also the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

14. SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, Mr. V. Sundaram, Practising Company Secretary, Mumbai was appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is annexed 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 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, 2017 Mastek Group had a total Head count of **1577**. The Directors wish to place on record their appreciation for the contributions made by employees to the Company during the year under review at all levels.

The disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is annexed as **Annexure 5** and forms part of this report.

16. EMPLOYEE STOCK OPTIONS

During the year under review Company had allotted 3,80,259 equity shares under Employee Stock Option Plans. The Board of Directors confirms that there is no material change in the ESOP Scheme and all the ESOP Schemes are in compliance with the SEBI Guidelines. The required disclosures in this regard are annexed as **Annexure 6**.

17. RISK MANAGEMENT POLICY

In terms of the requirement of the Companies Act, 2013, the Company has developed and implemented the Risk Management Policy and the Audit Committee and the Governance Committee of the Board reviews the risks and remedial measures taken on a quarterly basis.

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

18. UPDATES ON BOARD OF DIRECTORS/KEY MANAGERIAL PERSONNEL (KMP) / MANAGEMENT

A brief profile of all the existing Directors has been given in the Corporate Governance report which forms part of the Annual Report.

A. Evaluation of the Board's Performance

In compliance with Companies Act, 2013 and Listing Regulations, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees, Individual Directors, Chairpersons, Managing Director and the CEO for the year under review. In respect of individual directors including the non-executive chairman and the managing director, their personal performance was carried out using a peer review process, facilitated by an outside subject matter expert with confidential processing of inputs, interpretation of findings followed by one-on-one meeting of the individual Directors, and concluding with an aggregate presentation to the entire board.

Board and Committee functioning was reviewed and evaluated on the basis of responses from directors, Committee Members, Managing Director and the CEO to structured questionnaires, covering various aspects of the composition and functioning of the Board and its Committees.

In a separate meeting of the Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman were also evaluated, taking into account the views of executive directors and non-executive directors. The Directors were asked to provide their valuable feedback and suggestions about the overall functioning of the Board and its committees and its areas of improvement for a higher degree of engagement with the Management.

The Board expressed its satisfaction with the Evaluation results, which reflects the high degree of engagement of the Board and its committees with the Company and its Management. Based on the outcome of the evaluation and assessment cum feedback of the Directors, the Board and the Management have also agreed on various points which will be implemented over an agreed timeframe.

B. Induction and familiarisation programme for Directors

The details of the induction and familiarisation program for the Directors are given in the Corporate Governance Report.

C. Independent Directors

Mr. S. Sandilya, Ms. Priti Rao, Mr. Atul Kanagat and Mr. Keith Bogg have been the Independent Directors on the Board of your Company as at March 31, 2017.

The Shareholders at the Extra Ordinary General Meeting held on March 05, 2015 had approved the appointment of Mr. S. Sandilya, Ms. Priti Rao and Mr. Atul Kanagat as Independent Directors of the Company for a term of four (4) years from April 01, 2015 to March 31, 2019 and Mr. Keith Bogg was appointed as an Additional Director (Independent) for a period of 5 years with effect from January 17, 2017, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Company has received necessary declarations from each of the Independent Directors under section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also in the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in section 149 of the Companies Act, 2013 and the Rules made thereunder about their status as Independent Directors of the Company.

D. Appointment of Director/KMP:

- The Board, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Keith Bogg (DIN: 07658511) as an Additional Director (Independent) not liable to retire by rotation, for a period of five years effective January 17, 2017, subject to the approval from shareholders. The Board recommend the same for members approval.
- Mr. Sudhakar Ram, Managing Director and Group CEO was re-designated as the Vice Chairman and Managing Director with effect from November 01, 2016.
- Mr. Abhishek Singh was appointed as a Chief Financial Officer effective September 17, 2016 in place of Mr. Jamshed Jussawalla who retired on his attaining the age of superannuation on September 16, 2016.

E. Re-appointment of Mr. Sudhakar Ram as Vice Chairman & Managing Director:

The Board, based on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. Sudhakar Ram as Vice Chairman & Managing Director, whose current term expires on June 30, 2017 effective July 01, 2017 for a term of 3 years i.e. from July 1, 2017 to June 30, 2020, subject to the approval from shareholders. He is also the Promoter and Managing Director of Cashless Technologies India Private Limited, a Private Company, initially promoted by himself and also draws remuneration. The Board recommend the same for members approval.

F. Retirement by Rotation:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sudhakar Ram retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommend the same for members approval.

G. Management Update:

Mr. John Owen was appointed as a Group Chief Executive Officer (CEO) by Mastek with effect from November 01, 2016.

Mr. John Owen has held senior sales and marketing roles in organizations like Serco, HP and Nortel over the last 25 years. In his last job at Serco, Mr. Owen was the Sales and Marketing Director for UK and Europe with revenue responsibility for £2.6 bn and the relationship management of the UK Government - Serco's largest customer. With his deep expertise in business development and his track record with the UK markets - especially the UK government market - Mr. Owen will be ideal to lead Mastek to the next level of growth. Mr. Owen's appointment embodies Mastek's commitment to the U.K.

The information relating to remuneration paid to directors as required, is given in the notes to Accounts.

H. Key Managerial Personnel:

Pursuant to the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial personnel of the Company:

- Mr. Sudhakar Ram- Vice Chairman & Managing Director;
- Mr. Abhishek Singh- Chief Financial Officer;
- Mr. Dinesh Kalani- Company Secretary.

19. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

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:

1. Directors' appointment and remuneration; and
2. Remuneration of Key Managerial Personnel and other senior employees.

Details on the same are given in the Corporate Governance Report. The policy is available at the website of the Company at www.mastek.com

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 the Company's operations.

21. INTERNAL CONTROL 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. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with Generally Accepted Accounting Principles (GAAP) in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company has a robust financial closure, certification mechanism for certifying adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

23. INDIAN ACCOUNTING STANDARDS (IND AS) - IFRS CONVERGED STANDARDS

The Ministry of Corporate affairs vide its notification dated February 16, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of this notification, the Company will adopt IND AS with effect from April 01, 2017, with a transition date of April 01, 2016.

The Company has substantially completed the assessment of the impact of the change to IND AS on reported reserves and surplus and on the reported profit for the relevant periods. The Company has also completed the modification of accounting and reporting systems to facilitate the changes. The implementation of IND AS is a major change process for which the Company is well positioned to ensure a seamless transition on the back of early completion of impact assessment.

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

The Company is entirely a services Company and thus essentially, a non-energy intensive organization. Additionally, the Company's facilities are set up at locations chosen for adequate availability and supply of energy, regardless of power shortages recently witnessed across many markets.

| | | |
|-------|---|----------------|
| (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 the Company is as follows

₹ in lakhs

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|------------------------|------------------------------|------------------------------|
| Exchange used | 794.66 | 22,722.21 |
| Exchange Earned | 12,749.01 | 35,490.75 |

27. CORPORATE GOVERNANCE

The Company has complied with Corporate Governance requirements under the Companies Act, 2013 and as per SEBI Listing Regulations. A separate section on Corporate Governance practices followed by the Company together with the Certificate from Mr. Soumitra Mujumdar, Practising Company Secretary, 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 (CSR) Committee. The committee met two times during the year and a detailed report about CSR activities undertaken during the year is annexed as **Annexure 7**. Pursuant to the recommendation of the CSR Committee, the Board has approved a CSR Policy and the same has been uploaded on the website of the Company www.mastek.com/corporate-governance. 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 and 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 there from
- 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 on collaborative efforts that qualify as CSR spending.

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.
- 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.com
- 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, Mr. Sudhakar Ram and Mr. Ashank Desai. The Company Secretary is the Secretary of the Committee.

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, pursuant to Corporate Social Responsibility policy.

During the financial year ended March 31, 2017 the Board approved a Budget of ₹ 110 lakhs. 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 financial year 2016-17 was ₹ 96.57 lakhs which was arrived at based on the net profit of the Company for financial year 2013-14, 2014-15 and 2015-16. However a total sum of ₹ 129.92 lakhs was spent on Projects approved under Section 135 of the Companies Act, 2013 on CSR activities during the year.

The said expenditure is within the prescribed parameters and the Company is in compliance of the provisions of Section 135 of the Companies Act, 2013.

29. REGISTRAR AND SHARE TRANSFER AGENT

Based on certain allegations of fraud and malpractices in the conduct and operations, SEBI investigated the affairs of Sharepro Services (India) Private Limited (Sharepro).

Sharepro, has been the Registrar and Share Transfer agent of the Company for a long period. The SEBI vide its Order dated March 22, 2016 had directed all the clients of Sharepro to carry out/switchover their activities related to a registrar to an issue and share transfer agent and also for conducting a thorough audit of the records and systems of Sharepro with respect to dividends paid and transfer of securities to determine whether dividends have been paid to actual/beneficial holders and whether securities have been properly transferred for past 10 years as per the provisions of law.

Accordingly, in these behalf, the Company had appointed a reputed firm of Chartered Accountants to carry out an Audit of Dividend pay-out and Share Transfer effected by Sharepro for past 10 years in accordance with the directions of SEBI Order. Based on the Audit Report, no irregularities or violations with respect to transfer of securities of the Company and the dividend pay-out over a period of past 10 (ten) years were reported.

Subsequently, in pursuance of the advisory issued by SEBI and in order to protect the interest of the Shareholders, the Company had appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer agent, effective April 04, 2016.

30. TRANSFER OF UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company has transferred a sum of ₹ 12,60,133/- during the financial year 2016-17 to Investor Education and Protection Fund (IEPF), established by Central Government in compliance with section 125 of the Companies Act, 2013. The said amounts represent unclaimed Dividends which were lying with the Company for a period of 7 (seven) years from their respective due dates of initial payment.

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has already filed the necessary form and uploaded the details of unpaid / unclaimed amounts lying with the Company, as on the date of last AGM (i.e. July 25, 2016), with the Ministry of Corporate Affairs.

31. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has zero tolerance towards any action on the part of

any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women employee working in the Company. The Company's Policy provides for protection against sexual harassment of women employees at workplace and for prevention and redressal of such complaints. During the year, Company received one complaint which is under investigation by the Committee.

Awareness programmes were conducted across the Company to sensitise the employees to uphold the dignity of their colleagues at workplace, particularly with respect to prevention of sexual harassment.

32. 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

Sudhakar Ram
Vice Chairman & Managing Director

S. Sandilya
Non-Executive Chairman
and Independent Director

Date: April 20, 2017

Place: Mumbai

Annexure 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

Pursuant to sub-section (3) of section 129 of the Act, the brief business and a statement containing the salient features of the financial statements of the Company's subsidiaries and joint venture are given below.

Trans American Information Systems Private Limited, India, a wholly owned subsidiary of Mastek Limited is a Company with deep routed capability in providing high skilled resources and end-to-end e-commerce services including strategy, creative design, implementation and managed services. having presence in India and supporting US Customers.

Mastek (UK) Limited, a wholly owned subsidiary of Mastek Limited, 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.

IndigoBlue Consulting Limited, a wholly owned subsidiary of Mastek (UK) Limited, is a leading UK consultancy organization specializing in Agile programme and project management.

Digility Inc., USA, a wholly owned subsidiary of Mastek (UK) Limited, is a niche digital transformation services provider, which uses agile methodologies to service customers in the financial and retail sectors through the Agile Development, Data Warehouse, Business Intelligence and Testing Services DNA.

TAISTech LLC, USA and Trans American Information Systems Inc. USA are the wholly owned subsidiaries of Digility Inc., USA. TAISTech is a global digital services firm focused on implementing and maintaining the Oracle Commerce and Oracle Commerce Cloud applications, as well as integrating them with the full suite of Oracle Customer Experience Products.

Legal Practice Technologies Limited UK, a Joint Venture between The Law Society, UK and Mastek (UK) Ltd. It was incorporated on May 14, 2014 under the laws of England and **was dissolved by** the Companies House, UK with effect from December 6, 2016 on the application made by the said Company.

Enterprises where control exists

- Mastek (UK) Limited- Wholly owned subsidiary (WOS) of Mastek Limited
- IndigoBlue Consulting Limited- WOS of Mastek (UK) Limited
- Digility Inc.- WOS of Mastek (UK) Limited
- TAISTech LLC, USA (effective December 23, 2016) - WOS of Digility Inc.
- Trans American Information Systems Inc. USA (effective December 23, 2016)- WOS of Digility Inc.
- Trans American Information Systems Private Limited (effective December 23, 2016)- WOS of Mastek Limited

Part "A": Subsidiaries

Other information:

| Name of the Subsidiaries | | Trans American Information Systems Private Limited | Mastek (UK) Limited | IndigoBlue Consulting Limited | Digility Inc. | TAISTech LLC, USA | Trans American Information Systems Inc. USA |
|---|---------|--|---------------------|-------------------------------|---------------|-------------------|---|
| 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 | | | | | |
| The date since when subsidiary was acquired | | 23/12/2016 | 01/10/2001 | 01/05/2015 | 17/11/2015 | 23/12/2016 | 23/12/2016 |
| Reporting currency | | INR | GBP | GBP | USD | USD | USD |
| Exchange rate on the last date of the Financial Year in the case of foreign subsidiaries | | - | 80.9025 | 80.9025 | 64.85 | 64.85 | 64.85 |
| Share Capital | ₹ lakhs | 3.45 | 161.81 | 8.03 | 259.40 | - | 3.24 |
| Reserves & Surplus | ₹ lakhs | 756.24 | 13299.45 | 273.56 | 1404.30 | 111.9.87 | 3550.12 |
| Total Assets | ₹ lakhs | 1219.07 | 11748.29 | 1636.55 | 258.46 | 2677.96 | 4049.19 |
| Total Liabilities | ₹ lakhs | 459.38 | 6259.86 | 1354.95 | 6538.88 | 3797.82 | 495.82 |
| Investments | ₹ lakhs | - | 7972.83 | - | 7944.13 | - | - |
| Turnover | ₹ lakhs | 898.57 | 37654.34 | 5728.03 | 67.77 | 3655.37 | 3754.99 |
| Profit/(Loss) before Taxation | ₹ lakhs | 234.72 | 2382.69 | 31.62 | (930.29) | 11.60 | 270.94 |
| Provision for Taxation | ₹ lakhs | 81.79 | 485.74 | 5.81 | - | - | - |
| Profit/(Loss) after Taxation | ₹ lakhs | 152.94 | 1896.95 | 25.81 | (930.29) | 11.60 | 270.94 |
| Proposed Dividend | | - | - | - | - | - | - |
| % of shareholding | | 100% | 100% | 100% | 100% | 100% | 100% |

Notes:

1. Names of subsidiaries which are yet to commence operations: **NA**
2. Names of subsidiaries which have been liquidated or sold during the year- **NA**

DIRECTORS' REPORT (Contd.)

Part "B": Joint Venture

| | Name of the Joint Venture | Legal Practice Technologies Limited, UK |
|----|---|--|
| 1. | Latest audited Balance Sheet Date | Legal Practice Technologies Ltd UK was a Joint Venture between The Law Society, UK and Mastek (UK) Limited. The Joint Venture was incorporated on May 14, 2014 under the laws of England. This was dissolved by the Companies House, UK with effect from December 6, 2016 on the application made by the said Company. |
| 2. | Shares of Joint Ventures held by the Company on the year end | NIL (5,075,200 Ordinary shares of GBP 1 each of Legal Practice Technologies Limited were held by Mastek UK Limited till its dissolution.) |
| | Amount of Investment in Joint Venture | The value of Investment made in Legal practice Technologies Limited by Mastek UK Limited till December 06, 2016 was £ 5,075,200 |
| | Extent of Holding % | (40%). Following the decision that Legal Practice Technologies was not going to be viable, the business ceased and consequently the entire investment was impaired during the year ended March 31, 2016 and it was dissolved during the year under review. |
| 3. | Description of how there is significant influence | 40% Shareholding |
| 4. | Reason why the joint venture is not consolidated | NA |
| 5. | Networth attributable to Shareholding as per latest audited Balance Sheet | The Consolidation has been done to the extent of 40% share held by Mastek UK Ltd as per Accounting Standard 27. |
| 6. | Loss for the period April 01, 2016 to December 06, 2016: | |
| | i. Considered in Consolidation | ₹ 19.01 lakhs |
| | ii. Not Considered in Consolidation | NA |

Note:- A decision was jointly taken by Mastek (UK) Limited and The Law Society, UK to wind up the joint venture, Legal Practice Technologies Limited(LPT). This was based on a review undertaken by the board of LPT which demonstrated that the shape of the conveyancing market had radically changed since LPT was founded and also new providers were introducing free products to the market. During the year ended March 31, 2017, all substantial matters were concluded with some residual work requiring legal completion. LPT applied for dissolution on September 01, 2016 and was dissolved by the Companies House, UK with effect from December 06, 2016.

Other information:

- Names of associates or joint ventures which are yet to commence operations - Nil
- Names of associates or joint ventures which have been liquidated or sold during the year - Legal Practice Technologies Limited.

For and on behalf of the Board

Sudhakar Ram

Vice Chairman & Managing Director

S. Sandilya

Non-Executive Chairman and Independent Director

Abhishek Singh

Chief Financial Officer

Dinesh Kalani

Company Secretary

Date : April 20, 2017

Place: Mumbai

Annexure 2

Form MGT-9

EXTRACT OF ANNUAL RETURN

[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 - 380006 Tel No. +91 79 2656 4337 |
| 6. | Whether listed Company | Yes |
| 7. | Name, Address and contact details of Registrar & Transfer Agents (RTA) | Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana. Tel. : +91 40 6716 2222 Fax : +91 40 2300 1153 E-mail: einward.ris@karvy.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:-

| Sr. 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

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Trans American Information Systems Private Limited Address: 315, World Trade Centre, Babar Road, Barakhamba Avenue, Connaught Place, New Delhi - 110 001 | U51505DL1999PTC098689 | Subsidiary | 100.00% | 2(87) |
| 2 | Mastek (UK) Limited Address: Pennant House 2 Napier Court, Napier Road Reading, RG1 8BW, UK | Foreign Company | Subsidiary | 100.00% | 2(87) |
| 3 | IndigoBlue Consulting Limited Address: 3-4a, Little Portland Street, London, WIW 7JB, United Kingdom. | Foreign Company | Step down Subsidiary | 100.00% | 2(87) |
| 4 | Digility Inc. Address: 685 US HWY 202/206, Bridgewater, NJ, 08807 USA. | Foreign Company | Step down Subsidiary | 100.00% | 2(87) |
| 5 | TAISTech LLC, USA Address: 14841 Dallas Pkwy, Suite 494 Dallas, TX 75254, USA | Foreign Company | Step down Subsidiary | 100.00% | 2(87) |
| 6 | Trans American Information Systems Inc. USA Address: 860 Hebron Pkwy, Suite 701, Lewisville, TX 75057, USA | Foreign Company | Step down 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 | |
| A. | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a. | Individual/ HUF | 11,506,660 | NIL | 11,506,660 | 50.03 | 11,506,660 | NIL | 11,506,660 | 49.22 | (0.81) |
| b. | Central Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

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 | |
| c. | State Govt. (s) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| d. | Bodies Corp | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| e. | Banks / FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| f. | Any Other | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Sub-total (A) | 11,506,660 | NIL | 11,506,660 | 50.03 | 11,506,660 | NIL | 11,506,660 | 49.22 | (0.81) |
| (2) | Foreign | | | | | | | | | |
| a. | NRIs Individuals | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| b. | Other – Individuals | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| c. | Bodies Corp. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| d. | Banks / FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| e. | Any Other.... | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Sub-total(A) (2):- | | | | | | | | | |
| | Total shareholding of Promoter (A) = (A) (1)+(A)(2) | 11,506,660 | NIL | 11,506,660 | 50.03 | 11,506,660 | NIL | 11,506,660 | 49.22 | (0.81) |
| B. | Public Shareholding | | | | | | | | | |
| 1. | Institutions | | | | | | | | | |
| a. | Mutual Funds | 70,400 | 1,200 | 71,600 | 0.31 | 7,93,470 | 1,200 | 7,94,670 | 3.40 | 3.09 |
| b. | Banks / FI | 36,207 | NIL | 36,207 | 0.16 | 18,060 | NIL | 18,060 | 0.08 | (0.08) |
| c. | Central Govt | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| d. | State Govt (s) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| e. | Venture Capital Funds | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| f. | Insurance Companies | 112,1532 | NIL | 112,1532 | 4.88 | 112,1532 | NIL | 112,1532 | 4.80 | (0.08) |
| g. | FIIs | 2,167,689 | 1,600 | 2,169,289 | 9.43 | 17,42,580 | 1,600 | 17,44,180 | 7.46 | (1.97) |
| h. | Foreign Venture Capital Funds | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| i. | Others (specify) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Sub-Total (B)(1) | 3,395,828 | 2,800 | 3,398,628 | 14.78 | 36,75,642 | 2,800 | 36,78,442 | 15.74 | 0.96 |
| 2. | Non-Institutions | | | | | | | | | |
| a. | Bodies Corporate | | | | | | | | | |
| i. | Indian | 1,181,030 | 2,400 | 1,183,430 | 5.15 | 1,140,461 | 2,400 | 1,142,861 | 4.89 | (0.26) |
| ii. | Overseas | NIL | 200 | 200 | NIL | NIL | 200 | 200 | NIL | NIL |
| b. | Individuals | | | | | | | | | |
| i. | Individual shareholders holding nominal share capital upto ₹ 2 lakh | 5,460,811 | 201,495 | 5,662,306 | 24.62 | 55,34,387 | 1,98,933 | 57,33,320 | 24.52 | (0.10) |
| ii. | Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 589,006 | NIL | 589,006 | 2.56 | 6,95,033 | NIL | 6,95,033 | 2.97 | 0.41 |
| c. | Others | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| i. | Non Resident Individuals | 603,187 | 13,273 | 616,460 | 2.68 | 5,58,196 | 13,273 | 5,71,469 | 2.44 | (0.24) |
| ii. | Foreign National | 20,685 | NIL | 20,685 | 0.09 | 40,035 | NIL | 40,035 | 0.17 | 0.08 |
| iii. | NBFCs registered with RBI | 15,799 | NIL | 15,799 | 0.07 | 623 | NIL | 623 | 0.003 | (0.067) |
| iv. | Trust | 4100 | NIL | 4100 | 0.02 | 8,890 | NIL | 8,890 | 0.04 | 0.02 |
| | Sub-total (B)(2) | 7,874,618 | 217,638 | 8,091,986 | 35.19 | 79,77,625 | 214,806 | 8,192,431 | 35.04 | (0.15) |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 11,270,446 | 220,168 | 11,490,614 | 49.97 | 11,653,267 | 217,606 | 11,870,873 | 50.78 | 0.81 |
| | C. Shares held by Custodian for GDRs & ADRs | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Grand Total (A+B+C) | 22,777,106 | 220,168 | 22,997,274 | 100 | 23,159,927 | 217,606 | 23,377,533 | 100 | 0.00 |

(ii) Shareholding of Promoters

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding 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 | 3,099,552 | 13.48 | NIL | 3,099,552 | 13.26 | NIL | 0.22 |
| 2. | Sudhakar Ram | 2,791,680 | 12.14 | NIL | 2,791,680 | 11.94 | NIL | 0.2 |
| 3. | Ketan Mehta | 2,519,100 | 10.95 | NIL | 2,519,100 | 10.78 | NIL | 0.17 |
| 4. | Radhakrishnan Sundar | 1,445,800 | 6.29 | NIL | 1,445,800 | 6.18 | NIL | 0.11 |
| 5. | Rupa Mehta | 480,800 | 2.09 | NIL | 480,800 | 2.06 | NIL | 0.03 |
| 6. | Usha Sundar | 460,000 | 2.00 | NIL | 460,000 | 1.97 | NIL | 0.03 |
| 7. | Girija Ram | 163,600 | 0.71 | NIL | 163,600 | 0.70 | NIL | 0.01 |
| 8. | Padma Desai | 155,200 | 0.67 | NIL | 155,200 | 0.66 | NIL | 0.01 |
| 9. | Samvitha Ram | 103,328 | 0.45 | NIL | 103,328 | 0.44 | NIL | 0.01 |
| 10. | Avanthi Desai | 81,600 | 0.35 | NIL | 81,600 | 0.35 | NIL | 0 |
| 11. | Chinmay Ashank Desai | 71,600 | 0.31 | NIL | 71,600 | 0.31 | NIL | 0 |
| 12. | Varun Sundar | 64,000 | 0.28 | NIL | 64,000 | 0.27 | NIL | 0.01 |
| 13. | Shankar Sundar | 64,000 | 0.28 | NIL | 64,000 | 0.27 | NIL | 0.01 |
| 14. | Tanay Mehta | 6,400 | 0.03 | NIL | 6,400 | 0.03 | NIL | 0 |
| | Total | 11,506,660 | 50.03 | NIL | 11,506,660 | 49.22 | NIL | 0.81 |

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

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

| Sr No | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------|--|------------|-----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 1,275,000 | 5.54 | | |
| | Changes during the year | 03/06/2016 | Sale | (48,776) | (0.21) | 1,226,224 | 5.33 |
| | | 10/06/2016 | Sale | (26,224) | (0.11) | 1,200,000 | 5.22 |
| | | 23/09/2016 | Sale | (29,964) | (0.13) | 1,170,036 | 5.03 |
| | | 30/09/2016 | Sale | (56,087) | (0.24) | 1,113,949 | 4.79 |
| | | 07/10/2016 | Sale | (13,949) | (0.06) | 1,100,000 | 4.73 |
| | 11/11/2016 | Sale | (100,000) | (0.43) | 1,000,000 | 4.29 | |
| At the end of the year | 31/03/2017 | | | | 1,000,000 | 4.28 | |
| 2 | LIFE INSURANCE CORPORATION OF INDIA P & GS FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 589,781 | 2.56 | | |
| | Changes during the year | - | NA | 0 | 0 | 589,781 | 2.56 |
| | At the end of the year | 31/03/2017 | | | | 589,781 | 2.52 |
| 3 | LIFE INSURANCE CORPORATION OF INDIA | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 518,435 | 2.25 | | |
| | Changes during the year | - | NA | 0 | 0 | 518,435 | 2.25 |
| At the end of the year | 31/03/2017 | | | | 518,435 | 2.22 | |
| 4 | IDFC CLASSIC EQUITY FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 0 | 0 | | |
| | Changes during the year | 20/01/2017 | Purchase | 186,740 | 0.80 | 186,740 | 0.80 |
| | | 27/01/2017 | Purchase | 160,196 | 0.69 | 346,936 | 1.49 |
| | | 03/02/2017 | Purchase | 1,413 | 0.01 | 348,349 | 1.49 |
| | | 03/03/2017 | Purchase | 5,759 | 0.02 | 354,108 | 1.52 |
| | | 31/03/2017 | Purchase | 7,080 | 0.03 | 361,188 | 1.55 |
| At the end of the year | 31/03/2017 | | | | 361,188 | 1.55 | |

DIRECTORS' REPORT (Contd.)

| Sr No | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 5 | FIDELITY NORTHSTAR FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 325,000 | 1.41 | | |
| | Changes during the year | 22/04/2016 | Sale | (25,000) | (0.11) | 300,000 | 1.30 |
| | | 29/04/2016 | Sale | (25,000) | (0.11) | 275,000 | 1.20 |
| | | 11/11/2016 | Sale | (75,000) | (0.32) | 200,000 | 0.86 |
| | | 31/03/2017 | Sale | (24,351) | (0.10) | 175,649 | 0.75 |
| | At the end of the year | 31/03/2017 | | | | 175,649 | 0.75 |
| 6 | MAVEN INDIA FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 0 | 0 | | |
| | Changes during the year | 16/12/2016 | Purchase | 300,000 | 1.29 | 300,000 | 1.29 |
| | At the end of the year | 31/03/2017 | | | | 300,000 | 1.28 |
| 7 | MERRILL LYNCH CAPITAL MARKETS ESPANA S.A. S.V. | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 274,000 | 1.19 | | |
| | Changes during the year | 08/04/2016 | Purchase | 34,192 | 0.15 | 308,192 | 1.34 |
| | | 15/04/2016 | Purchase | 68,823 | 0.30 | 377,015 | 1.64 |
| | | 29/07/2016 | Sale | (20,775) | (0.09) | 356,240 | 1.54 |
| | | 12/08/2016 | Sale | (78,812) | (0.34) | 277,428 | 1.20 |
| | | 26/08/2016 | Sale | (277,428) | (1.20) | 0 | 0.00 |
| | At the end of the year | 31/03/2017 | | | | 0 | 0.00 |
| 8 | IDFC TAX ADVANTAGE (ELSS) FUND | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 0 | 0 | | |
| | Changes during the year | 20/01/2017 | Purchase | 100000 | 0.43 | 100000 | 0.43 |
| | | 27/01/2017 | Purchase | 40000 | 0.17 | 140000 | 0.60 |
| | | 03/02/2017 | Purchase | 35000 | 0.15 | 175000 | 0.75 |
| | | 24/02/2017 | Purchase | 49627 | 0.21 | 224627 | 0.96 |
| | | 03/03/2017 | Purchase | 9774 | 0.04 | 234401 | 1.00 |
| | | 10/03/2017 | Purchase | 35599 | 0.15 | 270000 | 1.16 |
| | At the end of the year | 31/03/2017 | | | | 270000 | 1.15 |
| 9 | PREMIER INVESTMENT FUND LIMITED | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 232,894 | 1.01 | | |
| | Changes during the year | 29/04/2016 | Purchase | 24,385 | 0.11 | 257,279 | 1.12 |
| | | 06/05/2016 | Purchase | 37,847 | 0.16 | 295,126 | 1.28 |
| | | 13/05/2016 | Purchase | 25,000 | 0.11 | 320,126 | 1.39 |
| | | 20/05/2016 | Purchase | 42,768 | 0.19 | 362,894 | 1.58 |
| | | 27/05/2016 | Sale | (130,000) | (0.57) | 232,894 | 1.01 |
| | | 23/09/2016 | Sale | (68,364) | (0.29) | 164,530 | 0.71 |
| | | 30/09/2016 | Sale | (33,360) | (0.14) | 131,170 | 0.56 |
| | At the end of the year | 31/03/2017 | | | | 131,170 | 0.56 |
| 10 | ARUN KUMAR MAHESHWARI | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 230,000 | 1.00 | | |
| | Changes during the year | | NA | 0 | 0 | 230,000 | 1.00 |
| | At the end of the year | 31/03/2017 | | | | 230,000 | 0.98 |
| 11 | GLOBEFLEX EMERGING MARKETS SMALL CAP, L.P. | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 0 | 0 | | |
| | Changes during the year | 10/02/2017 | Purchase | 9,333 | 0.04 | 9,333 | 0.04 |
| | | 17/02/2017 | Purchase | 67,891 | 0.29 | 77,224 | 0.33 |
| | | 24/02/2017 | Purchase | 37,691 | 0.16 | 114,915 | 0.49 |
| | | 03/03/2017 | Purchase | 11,885 | 0.05 | 126,800 | 0.54 |
| | At the end of the year | 31/03/2017 | | | | 126,800 | 0.54 |

DIRECTORS' REPORT (Contd.)

| Sr No | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|-------------------------------------|------------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 12 | B N NAGAMANI | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 100,000 | 0.43 | | |
| | Changes during the year | | NA | 0 | 0 | 100,000 | 0.43 |
| | At the end of the year | 31/03/2017 | | | | 100,000 | 0.43 |
| 13 | D SATHYAMOORTHY | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 100,000 | 0.43 | | |
| | Changes during the year | 24/06/2016 | Sale | (50,000) | (0.21) | 50,000 | 0.21 |
| | | 30/06/2016 | Sale | (50,000) | (0.22) | 0 | 0.00 |
| | At the end of the year | 31/03/2017 | | | | 0 | 0.00 |
| 14 | FARID LALJI KAZANI | | | | | | |
| | At the beginning of the year | 01/04/2016 | | 87708 | 0.38 | | |
| | Changes during the year | 08/04/2016 | Sale | (538) | 0.00 | 87,170 | 0.38 |
| | | 29/07/2016 | Purchase | 1,000 | 0.00 | 88,170 | 0.38 |
| | | 05/08/2016 | Purchase | 500 | 0.00 | 88,670 | 0.38 |
| | | 12/08/2016 | Purchase | 250 | 0.00 | 88,920 | 0.38 |
| | | 19/08/2016 | Purchase | 200 | 0.00 | 89,120 | 0.38 |
| | | 16/09/2016 | Purchase | 1,000 | 0.00 | 90,120 | 0.39 |
| | | 30/09/2016 | Purchase | 2,995 | 0.01 | 93,115 | 0.40 |
| | | 21/10/2016 | Purchase | 255 | 0.00 | 93,370 | 0.40 |
| | | 23/12/2016 | Purchase | 5,000 | 0.02 | 98,370 | 0.42 |
| | | 20/01/2017 | Purchase | 1,000 | 0.00 | 99,370 | 0.43 |
| | | 03/02/2017 | Purchase | 500 | 0.00 | 99,870 | 0.43 |
| | | 17/02/2017 | Purchase | 2,000 | 0.01 | 101,870 | 0.44 |
| | | 10/03/2017 | Purchase | 7,000 | 0.03 | 108,870 | 0.47 |
| | 17/03/2017 | Purchase | 1,849 | 0.01 | 110,719 | 0.47 | |
| | 24/03/2017 | Sale | (4,000) | -0.02 | 106,719 | 0.46 | |
| | At the end of the year | 31/03/2017 | | | | 106,719 | 0.46 |

(iv) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year April 01, 2016 | | Shareholding at the end of the year March 31, 2017 | |
|---------|--|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Mr. Sudhakar Ram | 2,791,680 | 12.14 | 2,791,680 | 11.94 |
| 2. | Mr. Ashank Desai | 3,099,552 | 13.48 | 3,099,552 | 13.26 |
| 3. | Mr. S. Sandilya | 26,000 | 0.11 | 26,000 | 0.11 |
| 4. | Mr. Atul Kanagat | NIL | - | NIL | - |
| 5. | Ms. Priti Rao | 29,600 | 0.13 | 29,600 | 0.13 |
| 6. | Mr. Keith Bogg (Appointed as an Independent Director w.e.f. January 17, 2017) | NA | NA | NIL | NIL |
| 7. | Jamshed Jussawalla (ceased to be CFO w.e.f. September 16, 2016 on reaching super-annuation) | 485 | 0.002 | NA | NA |
| 8. | Mr. Abhishek Singh (Appointed as a CFO w.e.f. September 17, 2016) | NA | NA | 8929 | 0.04 |
| 9. | Dinesh Kalani | NIL | NIL | NIL | NIL |

DIRECTORS' REPORT (Contd.)

V. INDEBTEDNESS

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

| | | Secured Loans excluding deposits ₹ | Unsecured Loans ₹ | Deposits ₹ | Total Indebtedness ₹ |
|---|------------------------------|---|----------------------|---------------|----------------------------|
| Indebtedness at the beginning of the financial year April 01, 2016 | | | | | |
| i) | Principal Amount | 48,01,626 | NIL | NIL | 48,01,626 |
| ii) | Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) | Interest accrued but not due | NIL | NIL | NIL | NIL |
| | Total (i+ii+iii) | 48,01,626 | NIL | NIL | 48,01,626 |
| Change in Indebtedness during the year | | | | | |
| | + Addition | 38,08,262 | NIL | NIL | 38,08,262 |
| | - Reduction | 19,99,639 | NIL | NIL | 19,99,639 |
| | Net Change | 18,08,623 | NIL | NIL | 18,08,623 |
| Indebtedness at the end of the financial year March 31, 2017 | | | | | |
| i) | Principal Amount | 66,10,249 | NIL | NIL | 66,10,249 |
| ii) | Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) | Interest accrued but not due | NIL | NIL | NIL | NIL |
| | Total (i+ii+iii) | 66,10,249 | NIL | NIL | 66,10,249 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager |
|---------|---|-------------------------------------|
| | | Mr. Sudhakar Ram |
| 1. | Gross salary | ₹ |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,11,52,600 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 39,600 |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961. | - |
| 2. | Stock Option | - |
| 3. | Sweat Equity | - |
| 4. | - Commission | - |
| | - as % of profit | - |
| | - others, specify | - |
| 5. | Others, please specify | - |
| | Provident Fund & Other Fund | 8,76,840 |
| | Performance Bonus | NIL |
| | Total | 1,20,69,040 |
| | Ceiling as per the Act | 5% of the Net Profit of the Company |

B. Remuneration to other Directors:

a) Independent Directors -

| Particulars of Remuneration | Name of the Directors | | | | Total Amount ₹ |
|---|-----------------------|------------------|------------------|-----------------|-------------------|
| | Mr. S. Sandilya | Mr. Atul Kanagat | Ms. Priti Rao | Mr. Keith Bogg | |
| Fee for Attending Board Meetings and Audit Committee Meetings | 10,00,000 | NIL | 9,00,000 | 2,00,000 | 21,00,000 |
| Commission* | 18,00,000 | NIL | 9,50,000 | NIL | 27,50,000 |
| Others | - | - | - | - | - |
| Total | 28,00,000 | NIL | 18,50,000 | 2,00,000 | 48,50,000 |

* Provision made for the financial year 2016-17

DIRECTORS' REPORT (Contd.)

b) Non-Executive Director -

| Particulars of Remuneration | Name of the Director | Total Amount |
|---|----------------------|------------------|
| | Mr. Ashank Desai | ₹ |
| Fee for Attending Board Meetings and Audit Committee Meetings | 9,00,000 | 9,00,000 |
| Commission | - | - |
| Others (perquisites /benefits)* | 1,12,264 | 1,12,264 |
| Total | 10,12,264 | 10,12,264 |

* Approved by the shareholders earlier.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel (KMP) | | |
|---------|--|---|---|--|
| | | Mr. Jamshed Jussawalla (retired as CFO and ceased to be KMP w.e.f. September 16, 2016) | Mr. Abhishek Singh (appointed as CFO and became KMP w.e.f. September 17, 2016) | Mr. Dinesh Kalani (Company Secretary) |
| 1. | Gross salary | ₹ | ₹ | ₹ |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 25,24,942 | 40,31,989 | 29,24,985 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 3,37,355 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961. | - | - | - |
| 2. | Stock Option | 2,58,840 | | |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify... | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Contribution to Provident Fund | 78,722 | 1,47,971 | 1,07,160 |
| | Performance Bonus | - | - | - |
| | Total | 31,99,860 | 41,79,960 | 30,32,145 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties, punishments or compounding of offences during the year ended March 31, 2017.

Annexure 3

FORM AOC – 2

[Pursuant to Clause (4) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

- A. Company has not entered into any material contracts or arrangements or transactions which are not on 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 arm's length transactions under third proviso thereto.**

1. Details of material contracts or arrangement or transactions not at arm's length basis:-

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

| Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ Transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|--|---|---|--|--|---------------------------------|
| Mastek (UK) Limited | Wholly-owned subsidiary | 1. IT & related services Contracts (MSA) and | 1. For duration of one year and are automatically renewed annually. | As per Transfer Pricing guidelines | 28-03-2016 | Nil |
| | | 2. Trade Mark License agreement | 2. For a period of 5 years with effect from April 01, 2016 | | | |
| Cashless Technologies India Private Limited | Entity controlled by director who hold more than 2 percent of shareholding | 1. IT & related services Contracts (MSA) and | 1. IT & related services contracts are for duration of one year and are automatically renewed annually. | As per Related Party Transaction | 19-04-2016 | Nil |
| | | 2. Leave & License Agreement | 2. Leave & License Agreement is entered into for a period of 11 months effective from October 5, 2016 till September 30, 2017 (contract is mutually terminated on March 17, 2017) | | 18-10-2016 | |
| Trans American Information Systems Private Limited | Wholly-owned subsidiary | Leave & License Agreement | Leave and License Agreement for a period of 11 months effective from February 1, 2017 till December 31, 2017 | As per Related Party Transaction | 08-03- 2017 | Nil |

Note:

- All the above reported transactions has been executed at Arm's Length Pricing Basis and are in the Ordinary Course of Business.
- Necessary approval of the Audit Committee and the Board (Omnibus and Specific) has been obtained prior to entering into all the Related Party Transactions.

For and on behalf of the Board

Sudhakar Ram
Vice Chairman & Managing Director

Date : April 20, 2017
Place: Mumbai

S. Sandilya
Non-Executive Chairman and Independent Director

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 of Managerial Personnel) Rules, 2014]

For the financial year ended March 31, 2017

**To,
The Members,
Mastek Limited**

CIN: L74140GJ1982PLC005215

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 as required under Companies Act, 2013 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 March 31, 2017 ("Audit Period") 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 the Company for the financial year ended on March 31, 2017 as made available to us, according to the following provisions including any statutory modification, amendments or re-enactment thereof for the time being in force:

- (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 Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as applicable to the Company;
- (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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with the Client.

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- 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, 1908;
- 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;
- j. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- k. Bombay Shops and Establishments Act, 1948;
- l. Electricity Act, 2003.

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

- (i) Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

DIRECTORS' REPORT (Contd.)

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.

We further report that there were no events/action in pursuance of:

- a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and amendments from time to time;
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that based on the information provided and the representation made by the Company and also on the review of the compliance reports of Managing Director and Chief Financial Officer taken on record by the Board of Directors of the Company in our opinion adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like labour laws etc.

We further report that:

The Board of Directors of the Company is duly constituted with a proper balance of Executive Director, Non-Executive Directors and Independent Directors as required under Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Decisions at the meetings of the Board of Directors of the Company were carried on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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 year following special events had occurred:

1. Adopted the new set of Articles of Association as per Companies Act, 2013;
2. Declared Interim Dividend;
3. Had acquired 100% stake in Trans American Information System Private Limited.

We further report that during the audit period the Company and its officers 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.

Place : Mumbai
Date : April 20, 2017

V Sundaram
Practising Company Secretary
FCS No.: 2023
C P No.:3373

Annexure 5 - Particulars of Employees

Disclosure under Section 197 (12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) Ratio of the remuneration of each Director and KMP to the median remuneration of the employees of the Company for the financial year 2016-17:

| Sr. no. | Names of Directors/ KMP and designation | Remuneration (amount in ₹) | | % increase in remuneration in the financial year 2017 | ratio of the remuneration of each director to the median remuneration of the employees |
|---------|--|----------------------------|--------------------------|---|--|
| | | Financial Year 2016-2017 | Financial Year 2015-2016 | | |
| 1 | Mr. Sudhakar Ram- Vice Chairman & Managing Director ¹ | 1,20,69,040 | 1,25,46,017 | (3.8) | 25.47X |
| 2 | Mr. Ashank Desai- Non-Executive Director ² | 1,12,264 | 1,34,499 | (16.54) | 0.24X |
| 3 | Mr. S. Sandilya- Non-Executive Chairman and Independent Director | 18,00,000 | 9,00,000 | 100 | 3.80X |
| 4 | Mr. Atul Kanagat- Non-Executive Director (Independent) | - | - | - | - |
| 5 | Ms. Priti Rao- Non-Executive Director (Independent) | 9,50,000 | 9,00,000 | 5.56 | 2.00X |
| 6 | Mr. Keith Bogg ³ - Non-Executive Director (Independent) | - | NA | NA | NA |
| 7 | Mr. Jamshed Jussawalla (Retired as CFO w.e.f. September 16, 2016) ⁴ | 46,99,426 | 44,20,597 | NA | NA |
| 8 | Mr. Abhishek Singh (Appointed as CFO w.e.f. September 17, 2016 ⁴ | 41,79,960 | NA | NA | NA |
| 9 | Dinesh Kalani (Company Secretary) ⁵ | 30,32,145 | 16,01,474 | NA | NA |

1. Re-designated w.e.f. November 01, 2016.

2. Remuneration consist of certain benefits/perquisites of ₹1,12,264 as approved by the shareholders.

3. Appointed w.e.f. January 17, 2017.

4. Employed as Chief Financial Officer for part of the year, hence non-comparable.

5. Employed as Company Secretary for a part of the previous year, hence non-comparable.

(II) The percentage increase in the median remuneration of employees and Key Managerial Personnel in the financial year 2016-17:

Percentage of increase in the median remuneration of employees and Key Managerial personnel in the Financial Year ended March 31, 2017 was (18.5%). This is negative duo to restructuring of overseas branch hence not comparable.

The ratio of the remuneration of the highest paid Director to that employees who are not directors but receive remuneration in excess of the highest paid directors during the year: Not applicable

(III) The percentage increase in the median remuneration of employees in the financial year 2016-17: (18.8%). This is negative duo to restructuring of overseas branch hence not comparable.

(IV) The number of permanent employees on the rolls of Company: 1193

(V) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase made in the salaries of the Employees other than the Managerial personnel in the Financial Year was (43%) vis a vis increase of 15% in the salaries of Managerial Personnel. The base data for Employees and Managerial Personnel is different due to branch restructuring.

(VI) Affirmation that the remuneration is as per the remuneration policy of the Company:

We affirm that the remuneration is as per the remuneration policy of the Company.

DIRECTORS' REPORT (Contd.)

B. Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sr. no. | Names and Designation of the Employee | Age of the Employee | Qualifications and Experience (in years) of the employee | Date of Joining | Remuneration paid during the financial year 2017 (amount in ₹) | Last employment held by the employee before joining the Company | Percentage of equity shares held by the employee in the Company |
|---------|---|---------------------|--|-----------------|--|---|---|
| 1 | Mr. Sudhakar Ram- Vice Chairman & Managing Director | 56 Years | PGDBM (IIM Calcutta), B.Com (34 years) | 14/5/1983 | 1,20,69,040 | Rediffusion Dentsu Young & Rubicam. | 11.94% |
| 2 | Mr. Ravindra K. Kadam*- Principal Solution Architect | 48 Years | MCA, BSc (25 years) | 1/4/1992 | 58,24,272 | Joined as a Trainee in Mastek. | - |
| 3 | Mr. Devendra P. Bandiwdekar*- Deputy Manager – Procurement | 49 Years | PGDCA ,B.com (27 years) | 1/12/2003 | 26,27,427 | Baan Info Systems India Pvt Ltd. | - |

* Employed for part of the financial year.

Note: None of the above employees is related to any Director or Manager of the Company.

For and on behalf of the Board

Sudhakar Ram

Vice Chairman & Managing Director

S. Sandilya

Non-Executive Chairman and Independent Director

Date : April 20, 2017

Place : Mumbai

ANNEXURE 6

DISCLOSURE AS REQUIRED UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AS ON MARCH 31, 2017

A. Employee Stock Option Scheme

| Sr. No | Particulars | Plan IV | Plan V | Plan VI | Plan VII |
|--------|---|--|--|--|--|
| 1 | Date of Shareholders Approval | 9th August 2007 | March 20, 20009 | October 02, 2010 | July 17, 2013 |
| 2 | Total number of options approved under the scheme | 1,000,000 | 1,500,000 | 2,000,000 | 2,500,000 |
| 3 | Vesting Requirements | The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is four years from the date of Grant | The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is four years from the date of Grant | The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is four years from the date of Grant | The first vesting of the stock options shall happen only on completion of one year from the date of grant. Maximum vesting period is four years from the date of Grant |
| 4 | Exercise Price or Pricing Formula | Market Price | The exercise price as may be determined by the Compensation 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 | The exercise price as may be determined by the Compensation 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 | The exercise price as may be determined by the Compensation 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 |
| 5 | Maximum Term of Options Granted | 11 years from the date of Grant | 11 years from the date of Grant | 11 years from the date of Grant | 11 years from the date of Grant |
| 6 | Source of Shares | Primary | Primary | Primary | Primary |
| 7 | Variation in terms of Options | During the year ended June 30, 2011, the Company has extended the vesting period from two years to seven years. The Company has entered into the scheme of arrangement in the financial year 2015-16. Mastek limited got split into Mastek Ltd. & Majesco Ltd. Subject to this arrangement, the exercise price has been revised for the options outstanding on the date of arrangement | The Company has entered into the scheme of arrangement in the financial year 2015-16. Mastek limited got split into Mastek Ltd. & Majesco Ltd. Subject to this arrangement, the exercise price has been revised for the options outstanding on the date of arrangement | The Company has entered into the scheme of arrangement in the financial year 2015-16. Mastek limited got split into Mastek Ltd. & Majesco Ltd. Subject to this arrangement, the exercise price has been revised for the options outstanding on the date of arrangement | The Company has entered into the scheme of arrangement in the financial year 2015-16. Mastek limited got split into Mastek Ltd. & Majesco Ltd. Subject to this arrangement, the exercise price has been revised for the options outstanding on the date of arrangement |

| Sr. No | Particulars | Plan IV | Plan V | Plan VI | Plan VII | Total |
|----------|--|---------|---------|-----------|----------|-----------|
| B | Option Movement During the year | | | | | |
| 1 | Options outstanding at the beginning of the year | | | | | |
| | For the year 2016-17 (No.) | 276,117 | 143,825 | 1,342,312 | 977,373 | 2,739,627 |
| | Weighted Average Exercise Price (₹) | 105.36 | 64.93 | 80.69 | 87.49 | |
| | For the year 2015-16 (No.) | 371,025 | 308,939 | 1,315,439 | 897,373 | 2,892,776 |
| | Weighted Average Exercise Price (₹) | 288.07 | 213.89 | 122.45 | 170.01 | |
| 2 | Options Granted during the year | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 0 | 0 | 0 | 320,000 | 320,000 |
| | Weighted Average Exercise Price (₹) | 0 | 0 | 0 | 168.84 | |
| | 1st April 2015-31st March 2016 (No.) | 0 | 0 | 353,275 | 223,850 | 577,125 |
| | Weighted Average Exercise Price (₹) | 0 | 0 | 188.00 | 174.21 | |
| 3 | Number of options vested and exercisable | | | | | |
| | As on 31st March 2017 (No.) | 147,927 | 62,225 | 590,631 | 289,384 | 1,090,167 |
| | Weighted Average Exercise Price (₹) | 98.95 | 68.24 | 59.69 | 81.69 | |
| | As on 31st March 2016 (No.) | 276,117 | 143,825 | 456,443 | 157,219 | 1,033,604 |
| | Weighted Average Exercise Price (₹) | 105.36 | 64.93 | 45.39 | 61.71 | |

DIRECTORS' REPORT (Contd.)

| Sr. No | Particulars | Plan IV | Plan V | Plan VI | Plan VII | Total |
|--------|---|-----------|------------|------------|-----------|------------|
| 4 | Number of options exercised during the year | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 7,247 | 79,100 | 189,869 | 104,043 | 380,259 |
| | Weighted Average Exercise Price (₹) | 112.79 | 62.91 | 47.77 | 62.00 | |
| | 1st April 2015-31st March 2016 (No.) | 19,162 | 116,864 | 252,576 | 62,000 | 450,602 |
| | Weighted Average Exercise Price (₹) | 146.37 | 208.01 | 89.67 | 87.83 | |
| 5 | Total number of shares arising during the year as a result of exercise of options | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 7,247 | 79,100 | 189,869 | 104,043 | 380,259 |
| | 1st April 2015-31st March 2016 (No.) | 19,162 | 116,864 | 252,576 | 62,000 | 450,602 |
| 6 | Number of options lapsed during the year | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 110,665 | 0 | 0 | 0 | 110,665 |
| | Weighted Average Exercise Price (₹) | 112 | 0.00 | 0.00 | 0.00 | |
| | 1st April 2015-31st March 2016 (No.) | 75,496 | 0 | 0 | 0 | 75,496 |
| | Weighted Average Exercise Price (₹) | 111 | 0.00 | 0 | 0 | |
| 7 | Number of options cancelled during the year | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 10,278 | 2,500 | 128,783 | 99,850 | 241,411 |
| | Weighted Average Exercise Price (₹) | 123.96 | 46.62 | 138.95 | 84.42 | |
| | 1st April 2015-31st March 2016 (No.) | 250 | 48,250 | 73,826 | 81,850 | 204,176 |
| | Weighted Average Exercise Price (₹) | 117.29 | 215.87 | 104.91 | 89.48 | |
| 8 | Money realized by exercise of options during the year | | | | | |
| | 1st April 2016-31st March 2017 (No.) | 817,367 | 4,976,315 | 9,069,107 | 6,450,341 | 21,313,129 |
| | 1st April 2015-31st March 2016 (No.) | 2,646,159 | 22,344,089 | 21,624,438 | 5,445,404 | 52,060,090 |
| 9 | Options outstanding at the close of the year As on 31st March, 2017 (No.) | 147,927 | 62,225 | 1,023,660 | 1,093,480 | 2,327,292 |
| | Weighted Average Exercise Price (₹) | 98.95 | 68.24 | 79.47 | 114.01 | |
| | As on 31st March, 2016 (No.) | 276,117 | 143,825 | 1,342,312 | 977,373 | 2,739,627 |
| | Weighted Average Exercise Price (₹) | 105.36 | 64.93 | 80.69 | 87.49 | |
| 10 | Loan repaid by the trust during the year from the exercise price received | NA | NA | NA | NA | 0 |

C. Employee-wise details of number of options granted to:

| (i) | Senior managerial personnel | Plan IV | Plan V | Plan VI | Plan VII |
|-------|---|---------|--------|---------|----------|
| | Arun Agarwal | - | - | - | 10,000 |
| (ii) | Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year | | | | |
| | John Timothy Owen | - | - | - | 100,000 |
| | R Venkatraman | - | - | - | 100,000 |
| | Velu Pillai Mathukumar | - | - | - | 50,000 |
| | Abhishek Singh | - | - | - | 25,000 |
| (iii) | Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | NA | | | |

| | | |
|-----------|--|-------|
| D. | Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 (₹) | 10.44 |
|-----------|--|-------|

| E. | Particulars | 1st April 2016-31st March 2017 | 1st April 2015-31st March 2016 |
|----|--|--|--|
| | Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options by Black & Scholes Model, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed | The Company has adopted the intrinsic value method as permitted by the 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. | The Company has adopted the intrinsic value method as permitted by the 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. |

DIRECTORS' REPORT (Contd.)

| E. Particulars | 1st April 2016-31st March 2017 | 1st April 2015-31st March 2016 |
|--|--------------------------------|--------------------------------|
| | ₹ (in lakhs) | ₹ (in lakhs) |
| Profit as reported | 2,525.53 | 1336.57 |
| Add - Intrinsic Value Cost | 18.32 | 149.06 |
| Less - Fair Value Cost | 246.29 | 398.90 |
| Profit as adjusted | 2,297.56 | 1,086.73 |
| Earning per share (Basic) as reported (in ₹) | 10.88 | 5.85 |
| Earning per share (Basic) adjusted (in ₹) | 9.90 | 5.47 |
| Earning per share (Diluted) as reported (in ₹) | 10.44 | 5.47 |
| Earning per share (Diluted) adjusted (in ₹) | 9.50 | 3.84 |

F. For stock options exercised during the period the weighted average share price on the date of exercise (₹) (Refer Note)

| | Plan IV | Plan V | Plan VI | Plan VII | Total |
|--------------------------------|---------|--------|---------|----------|--------|
| 1st April 2016-31st March 2017 | 136.84 | 120.80 | 134.76 | 134.18 | 131.74 |
| 1st April 2015-31st March 2016 | 205.39 | 389.96 | 289.40 | 217.83 | 299.42 |

| G. For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life(Vesting period + exercise period)* | As on March 31, 2017 | | | | |
|---|---|---------|-----------|----------|-----------|
| | Plan IV | Plan V | Plan VI | Plan VII | Total |
| Range of Exercise Price (₹) | Weighted Average Contractual Life (years) | | | | |
| 5-150 | 0.74 | 3.50 | 5.89 | 7.06 | 5.79 |
| Number of Options Outstanding | 147,927 | 62,225 | 775,310 | 641,580 | 1,627,042 |
| 151-250 | 0.00 | 0.00 | 7.79 | 8.69 | 8.37 |
| Number of Options Outstanding | 0 | 0 | 248,350 | 451,900 | 700,250 |
| | As on March 31, 2017 | | | | |
| Range of Exercise Price (₹) | Weighted Average Contractual Life (years) | | | | |
| 5-150 | 3.49 | 4.46 | 6.69 | 7.72 | 6.21 |
| Number of Options Outstanding | 276,117 | 143,825 | 1,010,737 | 758,623 | 2,18,9302 |
| 151-250 | 0.00 | 0.00 | 8.79 | 8.79 | 8.79 |
| Number of Options Outstanding | 0 | 0 | 331,575 | 218750 | 5,50,325 |

| H. Weighted average exercise price of Options granted during the year whose (in ₹) | Plan IV | Plan V | Plan VI | Plan VII |
|--|---------------------------------------|--------|---------|----------|
| | 1st April 2016-31st March 2017 | | | |
| (a) Exercise price equals market price | Nil | Nil | Nil | Nil |
| (b) Exercise price is greater than market price | Nil | Nil | Nil | 178.50 |
| (c) Exercise price is less than market price | Nil | Nil | Nil | 134.36 |
| Weighted average fair value of Options granted during the year whose | 1st April 2016-31st March 2017 | | | |
| (a) Exercise price equals market price | Nil | Nil | Nil | Nil |
| (b) Exercise price is greater than market price | Nil | Nil | Nil | 91.89 |
| (c) Exercise price is less than market price | Nil | Nil | Nil | 65.28 |
| Weighted average fair value of Options granted during the year whose | 1st April 2015-31st March 2016 | | | |
| (a) Exercise price equals market price | Nil | Nil | Nil | Nil |
| (b) Exercise price is greater than market price | Nil | Nil | 188.00 | 174.21 |
| (c) Exercise price is less than market price | Nil | Nil | Nil | Nil |
| Weighted average fair value of Options granted during the year whose | 1st April 2015-31st March 2016 | | | |
| (a) Exercise price equals market price | Nil | Nil | Nil | Nil |
| (b) Exercise price is greater than market price | Nil | Nil | 94.78 | 86.72 |
| (c) Exercise price is less than market price | Nil | Nil | Nil | Nil |

DIRECTORS' REPORT (Contd.)

| I. Method and Assumptions used to estimate the fair value of options granted during the year | | | | | | |
|---|---|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| The fair value has been calculated using the Black Scholes Option Pricing model. The assumptions used in the model are as follows | | 1st April 2016-31st March 2017 | | | | |
| | | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions |
| | Stock Price (₹) | Nil | Nil | Nil | 166.14 | 166.14 |
| | Volatility | Nil | Nil | Nil | 49.88% | 49.88% |
| | Risk free Rate | Nil | Nil | Nil | 6.85% | 6.85% |
| | Exercise Price (₹) | Nil | Nil | Nil | 168.84 | 168.84 |
| | Time To Maturity (In Years) | Nil | Nil | Nil | 6.01 | 6.01 |
| | Dividend yield | Nil | Nil | Nil | 0.96% | 0.96% |
| | | 1st April 2015-31st March 2016 | | | | |
| | | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions | Weighted Average Assumptions |
| | Stock Price (₹) | Nil | Nil | 187.05 | 173.56 | 181.82 |
| | Volatility | Nil | Nil | 48.37% | 48.76% | 48.52% |
| | Risk free Rate | Nil | Nil | 7.90% | 7.56% | 7.77% |
| | Exercise Price (₹) | Nil | Nil | 188.00 | 174.21 | 182.65 |
| | Time To Maturity (In Years) | Nil | Nil | 6.00 | 5.87 | 5.95 |
| | Dividend yield | Nil | Nil | 1.34% | 1.44% | 1.38% |
| | The volatility used in the Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the options and is based on the daily volatility of the Company's stock price on NSE. | | | | | |
| | There are no market conditions attached to the grant and vest. | | | | | |

ESOP Plan VII Grant date wise assumptions used in the model are as follows:

| Variables | April 18, 2016 | July 14, 2016 | October 18, 2016 | January 16, 2017 | January 23, 2017 |
|-----------------------------|----------------|---------------|------------------|------------------|------------------|
| Market Price (₹) | 150.60 | 135.90 | 132.05 | 168.25 | 190.90 |
| Time To Maturity (In Years) | 6.01 | 6.01 | 6.01 | 6.01 | 6.01 |
| Volatility (%) | 50.46% | 49.63% | 49.85% | 49.88% | 49.84% |
| Riskfree Rate (%) | 7.43% | 7.22% | 6.79% | 6.66% | 6.66% |
| Exercise Price (₹) | 151.00 | 135.00 | 132.00 | 176.00 | 191.00 |
| Dividend yield (%) | 1.66% | 1.84% | 1.89% | 0.59% | 0.52% |
| Options Granted | 35,000 | 55,000 | 15,000 | 115,000 | 100,000 |

Note for information: The Company has implemented the scheme of arrangement in the financial year 2015-16, effective April 01, 2014. Mastek limited got split into Mastek Ltd. & Majesco Ltd. Subject to this arrangement, the exercise price has been revised for the options outstanding on the date of arrangement. Ratio of split up was 37:63

For and on behalf of the Board

Sudhakar Ram

Vice Chairman & Managing Director

S. Sandilya

Non-Executive Chairman and Independent Director

Abhishek Singh

Chief Financial Officer

Dinesh Kalani

Company Secretary

Date : April 20, 2017

Place : Mumbai

Annexure 7

CORPORATE SOCIAL RESPONSIBILITY (CSR ACTIVITIES/ INITIATIVES)

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

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 dated 26th April 2014 to meet the requirements of the Act.

The web link is given below: http://www.mastek.com/file/2016/11/Final_CSRpolicyver1.0.pdf

2. The Composition of the CSR Committee:

- a. Ms. Priti Rao (Independent Director)
- b. Mr. Ashank Desai (Director)
- c. Mr. Sudhakar Ram (Vice Chairman & Managing Director)

3. Average net profit of the Company for last three financial years: ₹ 4,828.26 lakhs

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): ₹ 96.57 lakhs

5. Details of CSR spent during the financial year 2016-17:

a. Total amount spent for the financial year 2016-17 - ₹ 129.92 lakhs

b. ₹ Amount unspent, if any: **NA**

c. **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* |
|--------|--|--|--|---|---|---|--|
| | | | Districts (State) | ₹ In lakhs | ₹ In lakhs | ₹ In lakhs | |
| 1. | Supporting the surgical aid of street and abandoned animals | Animal Welfare | Mumbai and Thane, Maharashtra | 5.70 | 5.70 | 5.70 | |
| 2. | Supporting the learning centre for dropout students; Supporting study classes for slum students, supporting Balwadi centre; Providing children with shelter and other educational aids; Providing underprivileged students with educational aids; Providing children with safe environment to study. | Education of underprivileged children | Mumbai; Navi Mumbai; Thane; Maharashtra | 25.05 | 25.05 | 25.05 | |
| 3. | Supporting drought relief activities for farmers impacted during drought. | Livelihood promotion | Yevatmal District | 15.08 | 35.00 | 35.00 | Including Direct Spent |
| 4. | Supporting the requirement of iron filters for blood transfusion used for Thalassaemic patients; Providing ambulance for patients; Supporting hospital built for tribal population; Supporting children suffering from malnourishment and promoting family planning; | Promoting Health | Mumbai, Maharashtra; Kashmir-Jammu and Kashmir; Melghat-Maharashtra Thakipathar-Shahpur-Maharashtra. | 31.36 | 31.36 | 31.36 | |
| 5. | Supporting ortho-disabled students for taking training in mobile and hardware repairing; sponsorship of 12 physically differently abled children; Supporting adolescent students for vocational trainings; Supporting intellectually differently abled children. | Vocational training for special children | Chennai-Tamil Nadu; Kolhapur-Maharashtra Badlapur-Maharashtra Mumbai-Maharashtra | 16.95 | 16.95 | 16.95 | |

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) | ₹ In lakhs | ₹ In lakhs | ₹ In lakhs | |
| 6. | Supporting women self-help groups for training and market linkages; Supporting women's health programmes- providing packaged health care services | Women empowerment | Mumbai and Ganeshpuri, Thane district, Maharashtra | 8.81 | 8.81 | 8.81 | |
| 7. | Supporting public welfare trusts established for welfare of underprivileged citizens. | Under privileged citizens' welfare | M u m b a i - Maharashtra | 7.05 | 7.05 | 7.05 | |
| Total | | | | 110.00 | 129.92 | 129.92 | |

* Donations are given to Mastek Foundation, who gets the project implemented through the following agencies:

Aarmbh, Navi Mumbai, Aasara, Neral Thane district, Helpers for Handicapped Kolhapur Maharashtra, Mahan Trust Melghat, Prasad Chiktsa Wada district Maharashtra, Sangopita Badlapur Maharashtra, SPCA Thane, Maharashtra, Think Foundation Mumbai Maharashtra, Kherwadi Social Welfare Agency Maharashtra, Help Youth Trust Chennai, The Action Northeast Trust Assam, Plant and Animal Society, Dombivali, Touching Lives, Dahisar, Mumbai, SOS Children's Village, Alibaug, Maharashtra.

- 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**
- 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 half yearly 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.**

Priti Rao
Chairperson

Ashank Desai
Member

Sudhakar Ram
Member

Date: April 20, 2017
Place: Mumbai

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MASTEK LIMITED

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, 2017, 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.

Auditors' 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 auditors' 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. 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, 2017 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, 2016', 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 B** 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure A**.
 - (g) With respect to the other matters to be included in the Auditors' 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, 2017 on its financial position in its standalone financial statements – Refer Notes 21 and 35;
 - ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 and 36;
 - 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, 2017.
 - iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 45.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
April 20, 2017

Pradip Kanakia
Partner
Membership Number 39985

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MASTEK LIMITED

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Mastek Limited on the standalone financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Mastek Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
April 20, 2017

Pradip Kanakia
Partner
Membership Number 39985

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MASTEK LIMITED

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Mastek Limited on the standalone financial statements as of and for the year ended March 31, 2017

- 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.
- (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the standalone financial statements, are held in the name of the Company.
- 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made and guarantees and security provided by it. Further, the Company has not granted any loans to parties covered under Section 185 of the Act and accordingly, to this extent, the provisions of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. 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.
- vii. (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 generally regular in depositing undisputed statutory dues in respect of service-tax and maharashtra labour welfare fund, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income-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, service-tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of sales tax, value added tax and Stamp duty as at March 31, 2017 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 | 133.73 (including interest of 63.27) | F.Y. 06-07 and FY 09-10 | Joint Commissioner of Sales-Tax (Appeals), Mumbai |
| The Central Sales Tax Act, 1956 | Demand of CST on provision of software services including interest | 65.47 (including interest of 38.86) | F.Y. 06-07 and FY 09-10 | Joint Commissioner of Sales-Tax (Appeals), Mumbai |

| | | | | |
|-----------------------------|--|--------|------------|--|
| The Gujarat Stamp Act, 1958 | Demand of Stamp Duty on Demerger | 173.40 | F.Y. 14-15 | Chief Controlling Revenue Authority, Gujarat |
| The Income Tax Act, 1961 | Demand on account of non-consideration of MAT Credit, Advance Tax paid and non-granting of relief under section 90 | 854.17 | A.Y. 15-16 | Assessing officer |

* Net of amount paid under protest.

- 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 loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Pradip Kanakia
Partner

Mumbai
April 20, 2017

Membership Number 39985

BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | As at March 31, 2017 | As at March 31, 2016 |
|---|---------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1,168.88 | 1,149.86 |
| Reserves and surplus | 4 | 21,995.32 | 18,639.24 |
| | | 23,164.20 | 19,789.10 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 37.77 | 17.79 |
| Other long-term liabilities | 6 | 134.10 | 97.07 |
| Long-term provisions | 7 | 605.70 | 493.06 |
| Current liabilities | | | |
| Trade payables | 8 | 175.02 | 382.26 |
| Other current liabilities | 9 | 2,917.99 | 3,221.86 |
| Short-term provisions | 10 | 125.43 | 550.62 |
| Total | | 27,160.21 | 24,551.76 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 (i) | 4,150.18 | 4,252.66 |
| Intangible assets | 11 (ii) | 327.23 | 343.20 |
| Capital work-in-progress | | 0.88 | 13.70 |
| Non-current investments | 12 | 1,403.99 | 215.81 |
| Deferred tax assets | 13 | 1,173.49 | 1,453.12 |
| Long-term loans and advances | 14 | 4,639.57 | 4,407.51 |
| Other non-current assets | 15 | 282.13 | 256.92 |
| Current assets | | | |
| Current investments | 16 | 10,130.13 | 3,114.11 |
| Trade receivables | 17 | 1,434.54 | 5,225.00 |
| Cash and bank balances | 18 | 396.57 | 3,543.19 |
| Short-term loans and advances | 19 | 321.01 | 378.10 |
| Other current assets | 20 | 2,900.49 | 1,348.44 |
| Total | | 27,160.21 | 24,551.76 |
| Summary of significant accounting policies | 2 | | |
| Contingent liabilities, capital and other commitments | 21, 22 | | |

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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer

Dinesh Kalani
Company Secretary

Mumbai, April 20, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**(All amounts in ₹ lakhs, unless otherwise stated)**

| | Note | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|-------------|--------------------------------------|------------------------------|
| Revenue from operations | 24 | 17,178.22 | 37,866.77 |
| Other income | 25 | 1,126.40 | 1,647.49 |
| Total revenue | | 18,304.62 | 39,514.26 |
| Expenses | | | |
| Employee benefits expenses | 26 | 9,793.43 | 21,495.74 |
| Finance costs | 27 | 16.83 | 23.68 |
| Depreciation and amortization expenses | 28 | 1,203.84 | 1,488.51 |
| Other expenses | 29 | 4,353.27 | 14,137.99 |
| Total expenses | | 15,367.37 | 37,145.92 |
| Profit before exceptional item and tax | | 2,937.25 | 2,368.34 |
| Exceptional items - loss, net | 30 | 340.00 | 300.20 |
| Profit before tax | | 2,597.25 | 2,068.14 |
| Tax expense | | | |
| Current tax (Share of joint venture ₹ Nil) | | 695.25 | 655.31 |
| Deferred tax charge | | 279.63 | 95.82 |
| Income tax refund / write back for earlier years | | (903.16) | (19.56) |
| Profit for the year | | 2,525.53 | 1,336.57 |
| Earning per equity share | 31 | | |
| Basic (Face value of ₹ 5/- each) | | ₹ 10.88 | ₹ 5.85 |
| Diluted (Face value of ₹ 5/- each) | | ₹ 10.44 | ₹ 5.47 |
| 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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985**Sudhakar Ram**
Vice Chairman and
Managing Director**S.Sandilya**
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer
Mumbai, April 20, 2017**Dinesh Kalani**
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Profit before exceptional item and tax | 2,937.25 | 2,368.34 |
| Adjustments for : | | |
| Interest income | (219.67) | (212.80) |
| Reversal of accrued revenue | - | 86.47 |
| Interest on finance lease | 11.39 | 15.56 |
| Depreciation and amortisation | 1,252.57 | 1,750.61 |
| Provision / (Reversal) for doubtful debts and loans and advances, net | 136.35 | (206.42) |
| Bad debts written off | 10.09 | 380.49 |
| Provision of cost overrun on contracts, net | 1.06 | 9.58 |
| Dividend from subsidiary | (236.70) | (239.59) |
| Profit on sale of fixed asset, net | (4.25) | (13.45) |
| Profit on sale of current investments | (291.45) | (428.07) |
| Rental income | (248.26) | (161.26) |
| Operating profit before working capital changes | 3,348.38 | 3,349.46 |
| Decrease / (Increase) in trade receivables | 3,644.02 | (210.70) |
| (Increase) / Decrease in loans and advances and other current and non current assets | (210.89) | 2,076.95 |
| (Decrease) in trade payables, other liabilities and provisions | (1,054.36) | (801.78) |
| Cash generated from operations | 5,727.15 | 4,413.93 |
| Income taxes paid, net | (701.82) | (146.28) |
| Net cash generated from operating activities before exceptional items | 5,025.33 | 4,267.65 |
| Amount paid for restructuring expenses | - | (120.88) |
| Amount paid for demerger expenses | - | (184.27) |
| Net cash generated from operating activities | 5,025.33 | 3,962.50 |
| Cash flows from investing activities | | |
| Proceeds from sale of tangible assets | 28.94 | 78.70 |
| Purchase of tangible and intangible assets, net of capital work-in-progress capitalised | (1,105.38) | (1,188.43) |
| Interest received | 358.99 | 350.20 |
| Dividend from subsidiary | 236.70 | 239.59 |
| Investment in subsidiary | (1,187.38) | - |
| Purchase of other investment - equity share warrants | (0.80) | - |
| Rental income | 248.26 | 161.26 |
| Realisation of bank deposits having original maturity over three months | 2,095.00 | 1,755.00 |
| (Purchase) / Sale proceeds of current investments, net | (6,724.57) | 2,435.16 |
| Net cash (used in) / generated from investing activities before exceptional items | (6,050.24) | 3,831.48 |
| Proceeds from sale of investment in subsidiary | - | 180.49 |
| Net cash (used in) / generated from investing activities | (6,050.24) | 4,011.97 |
| Cash flows from financing activities | | |
| Proceeds from issue of shares under the employee stock option schemes | 213.16 | 552.07 |
| Proceeds from / (Repayment of) long term borrowings, net | 18.09 | (57.02) |
| Dividends paid including dividend distribution tax | (232.92) | (920.39) |
| Interest paid on finance lease | (11.39) | (15.56) |
| Net cash (used in) financing activities | (13.06) | (440.90) |
| Net (decrease) / increase in cash and cash equivalents during the year | (1,037.97) | 7,533.57 |
| Cash and cash equivalents at the beginning of the year | 1,409.57 | 1,087.52 |
| Cash and cash equivalents transferred pursuant to a scheme of arrangement (Refer note 43) | - | (7,211.52) |
| Cash and cash equivalents at the end of the year | 371.60 | 1,409.57 |

- Notes : 1 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.
- 2 The above cash flow statement reflects cash flow movements after considering the impact of demerger pursuant to a scheme of arrangement under which certain assets and liabilities of the group were transferred to the demerged group (Refer note 43).
- 3 Cash and cash equivalents - Refer notes 2.17 and 18
- 4 Figures in brackets indicate cash outgo.
- 5 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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer
Mumbai, April 20, 2017

Dinesh Kalani
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(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.

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 carries out its operations through its subsidiaries in the UK, USA and India has its offshore software development centres at Mumbai, Pune, Chennai and Mahape.

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 with 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 Company's normal operating cycle and other criteria set out in the Schedule III (Division I) 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 company 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, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of tangible assets are recognised in the carrying amount of the item if the recognition criteria are met.

An item of tangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, based on technical evaluation, which are lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

| <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. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated useful lives of intangible assets are as follows :

| <u>Assets</u> | <u>Useful Life</u> |
|-------------------|--------------------|
| Acquired Goodwill | 3 - 5 years |
| Computer software | 1 - 5 years |

Goodwill on consolidation is not amortised and is assessed for impairment at each balance sheet date as described in note 2.5.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 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 highly probable forecasted transactions. The Company designates these hedging instruments as cash flow hedges

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. Amounts accumulated in hedging reserve are reclassified to Statement of Profit and Loss in the periods when the forecast sale that is hedged takes place. The gain or loss relating to the effective portion of forward foreign exchange contracts for that hedge export sales is recognised in Statement of Profit and Loss under 'Revenue from operations'

For forward exchange contracts that do not qualify for hedge accounting, the premium or discount arising at the inception of the contract is amortised 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 recognised as income or expense for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated 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.

(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. Employees are entitled to accumulate leave balance up to the upper limit as per the Company's policy which can be carried forward perpetually. Leave encashment for employees gets triggered on an annual basis, if the accumulated leave balance exceeds the upper limit of leave. Further, at the time of retirement, death while in employment or on termination of employment, leave

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

encashment vests equivalent to salary payable for number of days of accumulated leave balance. Liability for such benefits is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. 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 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.

2.14 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accounts of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. 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 March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Authorised: | | |
| 40,000,000 (March 31, 2016: 40,000,000) equity shares of ₹ 5/- each | 2,000.00 | 2,000.00 |
| 2,000,000 (March 31, 2016: 2,000,000) preference shares of ₹ 100/- each | 2,000.00 | 2,000.00 |
| Total | 4,000.00 | 4,000.00 |
| Issued, subscribed and fully paid up : | | |
| 23,377,533 (March 31, 2016 : 22,997,274) equity shares of ₹ 5/- each fully paid | 1,168.88 | 1,149.86 |
| Total | 1,168.88 | 1,149.86 |

(a) Reconciliation of the number of shares

| | As at March 31, 2017 | | As at March 31, 2016 | |
|---|----------------------|-----------------|----------------------|----------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity Shares | | | | |
| Balance as at the beginning of the year | 22,997,274 | 1,149.86 | 22,546,672 | 1,127.33 |
| Add: Addition on account of exercise of employee stock option plans [Refer note 33 (c)] | 380,259 | 19.02 | 450,602 | 22.53 |
| Balance as at the end of the year | 23,377,533 | 1,168.88 | 22,997,274 | 1,149.86 |

(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

| | As at March 31, 2017 | | As at March 31, 2016 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Equity Shares of ₹ 5 each held by : | | | | |
| Ashank Desai | 3,099,552 | 13.26% | 3,099,552 | 13.48% |
| Sudhakar Ram | 2,791,680 | 11.94% | 2,791,680 | 12.14% |
| Ketan Mehta | 2,519,100 | 10.78% | 2,519,100 | 10.95% |
| Fidelity Purita Trust Fidelity Low Priced * | - | - | 1,275,000 | 5.54% |
| Radhakrishnan Sundar | 1,445,800 | 6.18% | 1,445,800 | 6.29% |

* Shareholding as at March 31, 2017 is reduced to less than 5%.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(d) Shares reserved for issue under options

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Number of shares to be issued under the Employee Stock Option Plans | 2,327,292 | 2,739,627 |
| [Refer note 33(a) and (d) for details of shares to be issued under the Employee Stock Option Scheme.] | | |

(e) Shares bought back (during 5 years immediately preceding March 31, 2017)

| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of Equity Shares bought back | - | - | - | 2,484,007 | 2,388,000 |

4 Reserves and surplus

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Capital reserve | | |
| Balance as at the beginning of the year | - | 106.07 |
| Less: Adjustments pursuant to a scheme of arrangement (Refer note 43) | - | (106.07) |
| Balance as at the end of the year | - | - |
| Capital redemption reserve account | 1,538.87 | 1,538.87 |
| Securities premium account | | |
| Balance as at the beginning of the year | 1,081.10 | 545.16 |
| Add : Addition on account of exercise of shares under the employee stock option plans | 194.14 | 529.54 |
| Add: Transferred from Employee stock options outstanding account on account of exercise of shares under the employee stock option plans | 9.44 | 6.40 |
| Balance as at the end of the year | 1,284.68 | 1,081.10 |
| Employee stock options outstanding account | | |
| Balance as at the beginning of the year | 74.66 | 131.75 |
| Addition on account of employee stock option plans | 17.60 | 33.38 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (84.07) |
| Less: Transferred to Securities premium account on account of exercise of shares under the employee stock option plans | (9.44) | (6.40) |
| Balance as at the end of the year [Refer note 33(f)] | 82.82 | 74.66 |
| General reserve | | |
| Balance as at the beginning of the year | - | 2,415.67 |
| Less: Adjustments pursuant to a scheme of arrangement (Refer note 43) | - | (2,415.67) |
| Balance as at the end of the year | - | - |
| Hedging reserve account | | |
| Balance as at the beginning of the year | 1,098.31 | 1,880.91 |
| Less: Released to statement of profit and loss under revenue account upon occurrence of forecasted sales transactions | (1,894.07) | (900.42) |
| Add: Changes in the fair value of the effective cash flow hedges | 2,745.80 | 305.78 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (187.96) |
| Balance as at the end of the year (Refer note 36) | 1,950.04 | 1,098.31 |
| Surplus in statement of profit and loss | | |
| Balance as at the beginning of the year | 14,846.30 | 36,037.15 |
| Less: Adjustments pursuant to a scheme of arrangement (Refer note 43) | - | (21,879.69) |
| Profit for the year | 2,525.53 | 1,336.57 |
| Less: Appropriations | | |
| Interim dividend ₹ 1.00/- per share (Previous year ₹ 2.50/- per share) | (232.92) | (577.07) |
| Dividend distribution tax, net* | - | (70.66) |
| Balance as at the end of the year | 17,138.91 | 14,846.30 |
| Total | 21,995.32 | 18,639.24 |

*Dividend Distribution Tax (DDT) net, pertaining to the current year comprises the DDT liability of ₹ 47.42 (previous year ₹ 117.48) on interim dividend / proposed final dividend and a credit of ₹ 47.42 (previous year ₹ 46.82) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

5 Long-term borrowings

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Secured : | | |
| Vehicle loans from financial institution [Refer note (a) below] | 14.65 | - |
| Long term maturities of finance lease obligations in respect of vehicles [Refer note (b) below and note 34(2)] | 23.12 | 17.79 |
| | 37.77 | 17.79 |

Note: Nature of security and terms of repayment for secured borrowings

Nature of Security

- (a) Loans from financial institution are secured by hypothecation of assets (Vehicles) underlying the loans.
- (b) Finance lease obligations are secured by hypothecation of assets (Vehicles) underlying the leases.

Terms of Repayment

Monthly payment of Equated monthly instalments beginning from the month subsequent to taking the loan along with interest at 8.75%.

Monthly payment of Equated monthly instalments beginning from the month subsequent to taking the lease along with interest.

6 Other long-term liabilities

| | As at March 31, 2017 | As at March 31, 2016 |
|-----------------------------|-------------------------|-------------------------|
| Security and other deposits | 134.10 | 97.07 |

7 Long-term provisions

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for gratuity [Refer note 32(b)(iii)] | 85.38 | - |
| Provision for leave encashment [Refer note 32(c)] | 493.91 | 467.71 |
| Other provision | | |
| Provision for cost overrun on contracts * | 26.41 | 25.35 |
| Total | 605.70 | 493.06 |

* Movement in Long term other provision represents an additional provision for cost overrun on contracts made during the year (Refer note 29)

8 Trade payables

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Trade payables (Refer note 39) | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 175.02 | 382.26 |
| Total | 175.02 | 382.26 |

9 Other current liabilities

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Current maturities of finance lease in respect of vehicles [Refer note 34(2)] | 25.40 | 30.23 |
| Current maturities of vehicle loans | 2.93 | - |
| Unearned revenue | 195.54 | 286.06 |
| Unpaid dividends [Refer note (a) below] | 24.97 | 38.62 |
| Security and other deposits | 4.95 | 0.48 |
| Other payables | | |
| Employee benefits payable | 476.27 | 669.88 |
| Accrued expenses | 1,189.91 | 1,779.47 |
| Capital creditors | 44.78 | 24.59 |
| Statutory dues including stamp duty, provident fund and tax deducted at source | 554.16 | 392.53 |
| Other payable to subsidiary | 399.09 | - |
| Total | 2,917.99 | 3,221.85 |

(a) There is no amount due for payment to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

10 Short-term provisions

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Provision for leave encashment [Refer note 32(c)] | 125.43 | 550.62 |
| Total | 125.43 | 550.62 |

11 Fixed assets

(i) Tangible assets

| | Gross Block (at cost) | | | | Depreciation | | | | Net Block | |
|---------------------------|-----------------------|---------------|-----------------|----------------------|---------------------|---------------|-----------------|----------------------|----------------------|----------------------|
| | As at April 1, 2016 | Additions | Deductions | As at March 31, 2017 | As at April 1, 2016 | For the year | Deductions | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| a. Own assets: | | | | | | | | | | |
| Buildings* | 4,748.91 | - | - | 4,748.91 | 1,708.24 | 90.72 | - | 1,798.96 | 2,949.95 | 3,040.67 |
| Computers | 2,275.90 | 162.39 | - | 2,438.29 | 1,977.12 | 300.63 | - | 2,277.75 | 160.54 | 298.78 |
| Plant and equipment | 2,632.26 | 163.14 | - | 2,795.40 | 2,501.38 | 77.55 | - | 2,578.93 | 216.47 | 130.88 |
| Furniture and fixtures | 4,329.12 | 275.07 | (0.10) | 4,604.09 | 3,967.10 | 151.33 | (0.10) | 4,118.33 | 485.76 | 362.02 |
| Vehicles | 245.97 | 79.64 | (120.44) | 205.17 | 155.63 | 37.86 | (99.23) | 94.26 | 110.91 | 90.34 |
| Office equipment | 1,590.02 | 23.92 | (0.91) | 1,613.03 | 1,465.57 | 48.52 | (0.62) | 1,513.47 | 99.56 | 124.45 |
| Total (A) | 15,822.18 | 704.16 | (121.45) | 16,404.89 | 11,775.04 | 706.61 | (99.95) | 12,381.70 | 4,023.19 | 4,047.14 |
| b. Leased assets : | | | | | | | | | | |
| Leasehold land | 385.74 | - | - | 385.74 | 226.00 | 77.72 | - | 303.72 | 82.02 | 159.74 |
| Leasehold improvements | 334.23 | - | - | 334.23 | 334.23 | - | - | 334.23 | - | - |
| Vehicles | 97.32 | 22.77 | (7.39) | 112.70 | 51.54 | 20.39 | (4.20) | 67.73 | 44.97 | 45.78 |
| Total (B) | 817.29 | 22.77 | (7.39) | 832.67 | 611.77 | 98.11 | (4.20) | 705.68 | 126.99 | 205.52 |
| Total (A + B) | 16,639.47 | 726.93 | (128.84) | 17,237.56 | 12,386.81 | 804.72 | (104.15) | 13,087.38 | 4,150.18 | 4,252.66 |

* Own buildings include subscription towards share capital of Co-operative societies amounting to ₹ Two Hundred and Fifty only (Previous year ₹ Two Hundred and Fifty only).

(ii) Intangible assets

| Own Assets (Acquired) | Gross Block (at cost) | | | | Amortisation | | | | Net Block | |
|-----------------------|-----------------------|---------------|------------|----------------------|---------------------|---------------|------------|----------------------|----------------------|----------------------|
| | As at April 1, 2016 | Additions | Deductions | As at March 31, 2017 | As at April 1, 2016 | For the year | Deductions | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Computer software | 3,691.63 | 431.88 | - | 4,123.51 | 3,348.43 | 447.85 | - | 3,796.28 | 327.23 | 343.20 |
| Total | 3,691.63 | 431.88 | - | 4,123.51 | 3,348.43 | 447.85 | - | 3,796.28 | 327.23 | 343.20 |

11 Fixed assets for previous year ended March 31, 2016

(i) Tangible assets

| | Gross Block (at cost) | | | | | Depreciation | | | | | Net Block | |
|---------------------------|-----------------------|---------------|--------------------------------------|-----------------|----------------------|---------------------|-----------------|--------------------------------------|-----------------|----------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions | Transfer on Demerger (Refer note 43) | Deductions | As at March 31, 2016 | As at April 1, 2015 | For the year | Transfer on Demerger (Refer note 43) | Deductions | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| a. Own assets: | | | | | | | | | | | | |
| Buildings* | 5,891.77 | - | (1,142.86) | - | 4,748.91 | 1,921.27 | 109.29 | (322.32) | - | 1,708.24 | 3,040.67 | 3,970.50 |
| Computers | 3,262.58 | 257.65 | (881.46) | (362.87) | 2,275.90 | 2,568.67 | 524.83 | (767.66) | (348.72) | 1,977.12 | 298.78 | 693.91 |
| Plant and equipment | 4,310.22 | 34.72 | (1,551.80) | (160.88) | 2,632.26 | 4,062.38 | 106.76 | (1,510.78) | (156.98) | 2,501.38 | 130.88 | 247.84 |
| Furniture and fixtures | 5,965.16 | 331.00 | (1,910.50) | (56.54) | 4,329.12 | 5,565.98 | 132.96 | (1,675.55) | (56.29) | 3,967.10 | 362.02 | 399.18 |
| Vehicles | 344.72 | 43.95 | (113.27) | (29.43) | 245.97 | 256.48 | 19.82 | (95.00) | (25.67) | 155.63 | 90.34 | 88.24 |
| Office equipment | 1,952.92 | 183.15 | (498.40) | (47.65) | 1,590.02 | 1,790.96 | 49.47 | (334.01) | (40.85) | 1,465.57 | 124.45 | 161.96 |
| Total (A) | 21,727.37 | 850.47 | (6,098.29) | (657.37) | 15,822.18 | 16,165.74 | 943.13 | (4,705.32) | (628.51) | 11,775.04 | 4,047.14 | 5,561.63 |
| b. Leased assets : | | | | | | | | | | | | |
| Leasehold land | 558.45 | - | (172.71) | - | 385.74 | 166.47 | 59.53 | - | - | 226.00 | 159.74 | 391.98 |
| Leasehold improvements | 400.42 | - | - | (66.19) | 334.23 | 398.56 | 1.86 | - | (66.19) | 334.23 | - | 1.86 |
| Vehicles | 237.87 | 11.51 | (72.13) | (79.93) | 97.32 | 51.63 | 47.74 | (4.29) | (43.54) | 51.54 | 45.78 | 186.24 |
| Total (B) | 1,196.74 | 11.51 | (244.84) | (146.12) | 817.29 | 616.66 | 109.13 | (4.29) | (109.73) | 611.77 | 205.52 | 580.08 |
| Total (A + B) | 22,924.11 | 861.98 | (6,343.13) | (803.49) | 16,639.47 | 16,782.40 | 1,052.26 | (4,709.61) | (738.24) | 12,386.81 | 4,252.66 | 6,141.71 |

* Own buildings include subscription towards share capital of Co-operative societies amounting to ₹ Two hundred and fifty (Previous year ₹ Two hundred and fifty).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) Intangible assets

| Own Assets (Acquired) | Gross Block (at cost) | | | | | Amortisation | | | | | Net Block | |
|-----------------------|-----------------------|---------------|--------------------------------------|------------|----------------------|---------------------|---------------|--------------------------------------|------------|----------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions | Transfer on Demerger (Refer note 43) | Deductions | As at March 31, 2016 | As at April 1, 2015 | For the year | Transfer on Demerger (Refer note 43) | Deductions | As at March 31, 2016 | As at March 31, 2016 | As at March 31, 2015 |
| Goodwill | 130.32 | - | (130.32) | - | - | 130.32 | - | (130.32) | - | - | - | - |
| Computer software | 4,739.30 | 454.55 | (1,502.22) | - | 3,691.63 | 3,953.76 | 698.35 | (1,303.68) | - | 3,348.43 | 343.20 | 785.54 |
| Total | 4,869.62 | 454.55 | (1,632.54) | - | 3,691.63 | 4,084.08 | 698.35 | (1,434.00) | - | 3,348.43 | 343.20 | 785.54 |

12 Non-current investments

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| (A) Investment property (at cost less accumulated depreciation) | | |
| Gross block | | |
| Opening | 1.79 | 389.41 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (387.62) |
| Closing | 1.79 | 1.79 |
| Less : Accumulated depreciation | | |
| Opening | 1.79 | 148.57 |
| Depreciation for the year | - | - |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (146.78) |
| Closing | 1.79 | 1.79 |
| Net Block | - | - |
| (B) Trade investments | | |
| Investment in subsidiaries - fully paid equity shares (Unquoted, at cost) | | |
| Mastek (UK) Ltd., UK | | |
| 200,000 (Previous year - 200,000) Equity Shares of £ 1 each, fully paid up | 215.81 | 215.81 |
| Trans American Information Systems Private Limited, India | 1,187.38 | - |
| 34,520 equity shares (Previous year - Nil) of ₹ 10 each, fully paid up (Refer note 41) | | |
| Total | 1,403.19 | 215.81 |
| (C) Other Investment (Unquoted, at cost) | | |
| Investment in Cashless Technologies India Private Limited | 0.80 | - |
| 8,000,000 share warrants (Previous year - Nil) | | |
| Total | - | - |
| Total (A + B + C) | 1,403.99 | 215.81 |
| Aggregate amount of investment property | - | - |
| Aggregate amount of unquoted investments | 1,403.99 | 215.81 |
| Aggregate provision for other than temporary decline in value of unquoted investments | - | - |

13 Deferred tax assets

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Deferred tax assets in respect of: | | |
| Depreciation | 804.28 | 886.87 |
| Provision for gratuity and leave encashment | 243.89 | 352.42 |
| Provision for doubtful debts and advances | 63.11 | 51.34 |
| Other timing differences | 62.21 | 162.49 |
| Total | 1,173.49 | 1,453.12 |

14 Long-term loans and advances

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated | | |
| Capital advances | 30.89 | 71.51 |
| Security deposits | 112.61 | 108.71 |
| Prepaid expenses | 1.62 | 2.25 |
| Other loans and advances | | |
| Advance income tax [net of provision for tax of ₹ 7,712.38, (Previous year ₹ 7,079.90)] | 2,081.06 | 1,729.87 |
| MAT credit entitlement [Refer note 35(a)] | 2,373.82 | 2,436.59 |
| Advances to employees | 0.54 | 0.78 |
| Other advances | 39.03 | 57.80 |
| Total | 4,639.57 | 4,407.51 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

15 Other non-current assets

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 36) | 282.13 | 256.92 |

16 Current investments

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| At cost or market value, whichever is lower: | | |
| Investment in Mutual Funds (quoted): | | |
| Baroda Pioneer Liquid Fund - Plan A - Growth (14,085 units, Previous year - 37,027 units) | 251.70 | 640.64 |
| Birla Sun Life Cash Plus Fund - Growth (Nil units, Previous year - 246,814 units) | - | 596.47 |
| ICICI Prudential Money Market Fund - Growth (90,677 units, Previous year - 71,787 units) | 200.00 | 150.00 |
| Kotak Floater Short Term Fund - Growth (Nil units, Previous year - 8,064 units) | - | 200.00 |
| Franklin India TMA - Super IP - Growth (Nil units, Previous year - 9,282 units) | - | 203.10 |
| Kotak Treasury Advantage Fund - Reg - Growth (1,946,216 units, Previous year - 1,764,200 units) | 478.87 | 423.90 |
| Sundaram Ultra Short Term - Reg - Growth (Nil units, Previous year - 2,186,228 units) | - | 450.00 |
| ICICI Prudential Ultra Short Term Plan - Growth (1,459,579 units, Previous year - 2,988,941 units) | 240.00 | 450.00 |
| Mahindra Liquid Fund - Regular - Growth (13,726 units, Previous year - Nil units) | 139.22 | - |
| Indiabulls Liquid Fund - Existing Plan - Growth (13,045 units, Previous year - Nil units) | 200.63 | - |
| IDFC Cash Fund -Growth- Regular Plan (3,054 units, Previous year - Nil units) | 60.00 | - |
| UTI Short Term Income Fund (1,721,850 units, Previous year - Nil units) | 340.00 | - |
| Kotak Corporate Bond Fund Standard Growth (Regular Plan) (31,421 units, Previous year - Nil units) | 650.00 | - |
| IDFC Corporate Bond Fund Regular Plan Growth (5,890,210 units, Previous year - Nil units) | 650.00 | - |
| Kotak Low Duration Fund -Growth (32,312 units, Previous year - Nil units) | 640.00 | - |
| Birla Sun Life Floating Rate Fund - Long Term Plan - Regular - Growth (122,775 units, Previous year - Nil units) | 240.00 | - |
| ICICI Prudential-Flexible Income Plan - Regular - Growth (134,227 units, Previous year - Nil units) | 1,800.00 | - |
| HDFC Cash Management Fund - Treasury Advantage Ret Growth (4,162,272 units, Previous year - Nil units) | 1,364.85 | - |
| UTI Treasury Advantage Fund Institutional Plan - Growth (103,699 units, Previous year - Nil units) | 2,229.73 | - |
| Birla Sun Life Floating Rate Fund - Short Term Plan - Regular - Growth (21,143 units, Previous year - Nil units) | 45.13 | - |
| Investment in others (unquoted): | | |
| Term deposit with Housing Development Finance Corporation | 600.00 | - |
| Total | 10,130.13 | 3,114.11 |
| Aggregate amount of quoted investments | 9,530.13 | 3,114.11 |
| Market value of quoted investments | 9,903.44 | 3,137.98 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

17 Trade receivables

| | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Outstanding for a period less six months from the date they were due for payment | 1,434.54 | 5,225.00 |
| Unsecured, considered doubtful | | |
| Outstanding for a period exceeding six months from the date they were due for payment | 180.42 | 148.34 |
| Less: Provision for doubtful debts | <u>(180.42)</u> | <u>(148.34)</u> |
| Total | <u>1,434.54</u> | <u>5,225.00</u> |

18 Cash and bank balances

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 2.95 | 3.49 |
| Bank balances | | |
| In current accounts | 315.15 | 428.31 |
| Fixed deposits (with original maturity of less than 3 months) | <u>53.50</u> | <u>977.77</u> |
| | 371.60 | 1,409.57 |
| Other bank balances | | |
| Fixed deposits (with original maturity more than 3 months but less than 12 months) | - | 2,095.00 |
| Unpaid dividend account | <u>24.97</u> | <u>38.62</u> |
| Total | <u>396.57</u> | <u>3,543.19</u> |

19 Short-term loans and advances

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated: | | |
| Other Loans and Advances | | |
| Security deposits | 3.56 | 14.38 |
| Surplus contribution to employee benefit plan - gratuity [Refer note 32(b)(iii)] | - | 29.23 |
| Prepaid expenses | 229.89 | 91.44 |
| Service tax credit receivable | 70.96 | 55.50 |
| Advances to suppliers | 3.18 | 144.57 |
| Advances to employees | <u>13.42</u> | <u>42.98</u> |
| Total | <u>321.01</u> | <u>378.10</u> |

20 Other current assets

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated: | | |
| Interest accrued on fixed deposits | 3.32 | 88.62 |
| Interest accrued on income tax refunds | - | 54.02 |
| Margin money deposit | 1.28 | 1.65 |
| Accrued revenue | 511.90 | 225.59 |
| Tax credit receivable, net of provision | 621.31 | - |
| Reimbursable expenses receivable [Net of provision of doubtful receivable ₹1.93 (Previous year ₹ Nil)] | 94.77 | 137.17 |
| Mark-to-market gains receivable on outstanding derivative contracts (Refer note 36) | <u>1,667.91</u> | <u>841.39</u> |
| Total | <u>2,900.49</u> | <u>1,348.44</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

21 Contingent liabilities

| | As at | As at |
|---|-----------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Corporate performance guarantee given by the company on behalf of Mastek (UK) Limited, a wholly owned subsidiary | - | 2,500.30 |
| Corporate guarantee given by the Company for the term loan availed by Digility Inc, a wholly owned step-down subsidiary | 6,485.00 | - |
| Claims against Company not acknowledged as debts | | |
| (a) Sales tax matter | 238.23 | 238.23 |
| (b) Stamp duty matter | - | 231.20 |
| (c) Income tax matter | 854.17 | - |
| (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. | | |

22 Capital and other commitments

| | As at | As at |
|--|-----------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Capital commitments | | |
| Estimated amount of contracts remaining to be executed on capital account not provided for | 133.34 | 295.24 |

23 Proposed Dividend

The final dividend proposed for the year is as follows:

| | As at | As at |
|------------------------------|-------------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| On Equity Shares of ₹ 5 each | | |
| Amount of dividend proposed | 584.44 | Nil |
| Dividend per Equity Share | ₹ 2.50 per share | Nil |

24 Revenue from operations

| | Year ended | Year ended |
|---------------------------------------|-----------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Information technology services | 16,127.89 | 37,843.96 |
| Other operating revenue | | |
| One time fee (Refer note 42) | 908.01 | - |
| Recovery of debts written off earlier | 39.98 | - |
| Recovery of doubtful debts | 102.34 | 22.81 |
| Total | 17,178.22 | 37,866.77 |

25 Other income

| | Year ended | Year ended |
|---|-----------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Interest income | | |
| On fixed deposits | 91.91 | 161.61 |
| On income tax refunds | 117.83 | 39.64 |
| On others | 9.93 | 11.55 |
| Dividend income from UK subsidiary | 236.70 | 239.59 |
| Profit on sale of tangible assets, net | 4.25 | 13.45 |
| Profit on sale of current investments | 291.45 | 428.07 |
| Rental income [Refer note 34(1)(ii)] | 248.26 | 161.26 |
| Net gain on foreign currency transactions and translation | - | 128.00 |
| Miscellaneous income | 126.07 | 464.32 |
| Total | 1,126.40 | 1,647.49 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

26 Employee benefits expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Salaries, wages and performance incentives | 8,937.69 | 20,711.60 |
| Gratuity [Refer note 32(b)(iv)] | 200.61 | 92.81 |
| Contribution to provident and other funds [Refer note 32(a)] | 387.63 | 396.39 |
| Employee stock compensation expenses | - | - |
| Staff welfare expense | 267.50 | 294.94 |
| Total | 9,793.43 | 21,495.74 |

27 Finance costs

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---------------------------|------------------------------|------------------------------|
| Interest on finance lease | 11.39 | 15.56 |
| Bank charges | 5.44 | 7.67 |
| Other finance charges | - | 0.45 |
| Total | 16.83 | 23.68 |

28 Depreciation and amortisation expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Depreciation on tangible assets | 804.72 | 1,052.26 |
| Amortisation on intangible assets | 447.85 | 698.35 |
| Less: Reimbursement of common cost received from Majesco Limited and Majesco software and Solutions India Private Limited | (48.73) | (262.10) |
| Total | 1,203.84 | 1,488.51 |

29 Other expenses

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------------------|------------------------------|
| Hire charges | 82.36 | 84.29 |
| Recruitment and training expenses | 61.23 | 105.28 |
| Travelling and conveyance | 473.70 | 1,549.39 |
| Communication charges | 120.59 | 175.95 |
| Electricity | 364.24 | 401.25 |
| Consultancy and sub-contracting charges | 598.07 | 9,002.92 |
| Rates and taxes | 147.19 | 113.74 |
| Repairs to buildings | 309.53 | 314.94 |
| Repairs : others | 487.69 | 818.92 |
| Insurance | 53.37 | 69.47 |
| Printing and stationery | 23.54 | 35.95 |
| Professional fees [Refer note (a) below] | 778.19 | 665.98 |
| Rent [Refer note 34(1)(i)] | 76.46 | 213.38 |
| Advertisement and publicity | 157.17 | 80.05 |
| Expenditure towards corporate social responsibility (CSR) activities [Refer note (c) below] | 129.92 | 85.36 |
| Net loss on foreign currency transactions and translation | 223.56 | - |
| Provision / (Reversal) for doubtful debts and loans and advances, net | 136.35 | (206.42) |
| Bad debt written off | 10.09 | 380.49 |
| Provision for cost overrun on contracts, net | 1.06 | 9.58 |
| Reversal of accrued revenue | - | 86.47 |
| Miscellaneous expenses | 118.96 | 151.00 |
| Total | 4,353.27 | 14,137.99 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(a) Professional fees include payment to auditors :

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|-----------------------------------|--------------------------------------|------------------------------|
| i. As auditor | | |
| Statutory audit | 25.00 | 25.00 |
| Limited review | 15.00 | 15.00 |
| Certifications | 4.50 | 8.30 |
| Other services | 19.50 | - |
| ii. For reimbursement of expenses | 2.69 | 3.02 |

(b) Other expenses shown above are net of reimbursable expenses recovered from subsidiaries under appropriate line items.

(c) Corporate social responsibility expenditure

- i. Gross Amount required to be spend by the company during the year ₹ 96.57
 ii. Amount spent during the year on:

| Particulars | Paid | Yet to be paid | Total |
|--|---------------|-----------------------|---------------|
| Community Development | 20.31 | - | 20.31 |
| Education | 24.27 | - | 24.27 |
| Health | 27.64 | - | 27.64 |
| Vocational Training (Special Children) | 14.50 | - | 14.50 |
| Others | 43.20 | - | 43.20 |
| Total | 129.92 | - | 129.92 |

30 Exceptional items, net

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--------------------------------------|------------------------------|
| Profit on sale of investment in subsidiary (Refer note 44) | - | (4.95) |
| Restructuring expenses - Salaries, wages and performance incentives | - | 120.88 |
| Demerger expenses | | |
| Professional fees | - | 65.30 |
| Others | 340.00 | 118.97 |
| Total | 340.00 | 300.20 |

31 Earnings Per Share (EPS)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--------------------------------------|------------------------------|
| The components of basic and diluted earnings per share for total operations are as follows: | | |
| (a) Net profit attributable to equity shareholders | 2,525.53 | 1,336.57 |
| (b) Weighted average number of outstanding equity shares | | |
| Considered for basic EPS | 23,214,937 | 22,831,685 |
| Add : Effect of dilutive potential equity shares arising from outstanding stock options | 971,569 | 1,607,892 |
| Considered for diluted EPS | 24,186,506 | 24,439,577 |
| (c) Earnings per share in ₹ | | |
| Basic | ₹ 10.88 | ₹ 5.85 |
| Diluted | ₹ 10.44 | ₹ 5.47 |

(Face value per share ₹ 5/- each)

32 Employee benefits

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|--------------------------------------|------------------------------|
| (a) Defined contribution plans | | |
| The Company has recognised the following amounts in Statement of Profit and Loss for the year: | | |
| Contribution to provident fund | 374.53 | 344.85 |
| Contribution to Employees' State Insurance Corporation | 0.12 | 0.45 |
| Contribution to Maharashtra Labour Welfare Fund | 0.49 | 0.50 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| | | | |
|--|--|-------------------|------------|
| Superannuation contribution | | 12.49 | 9.93 |
| Contribution plans (branch outside India) | | - | 40.66 |
| Total (Refer note 26) | | 387.63 | 396.39 |
| (b) Defined benefit plan (Gratuity) | | | |
| As per the independent actuarial valuation carried out as at March 31, 2017 | | | |
| (i) Change in defined benefit obligations (DBO) : | | | |
| Projected benefit obligation - opening | | 1,764.21 | 3,661.62 |
| Service cost | | 196.33 | 259.49 |
| Interest cost | | 151.10 | 174.34 |
| Actuarial gain | | (13.30) | (166.62) |
| Benefits paid | | (177.81) | (200.91) |
| Transferred pursuant to a scheme of arrangement (Refer note 43) | | - | (1,963.71) |
| Projected benefit obligation - closing | | 1,920.53 | 1,764.21 |
| (ii) Change in fair value of assets: | | | |
| Fair value of plan assets - opening | | 1,793.44 | 3,783.62 |
| Expected return on plan assets | | 161.21 | 205.57 |
| Employer's contribution | | 86.00 | 0.04 |
| Transferred pursuant to a scheme of arrangement (Refer note 43) | | - | (1,963.71) |
| Benefit paid | | (177.81) | (200.91) |
| Actuarial loss | | (27.69) | (31.17) |
| Fair value of plan assets - closing | | 1,835.15 | 1,793.44 |
| (iii) Amount recognized in the Balance Sheet | | | |
| Present value of obligations | | 1,920.53 | 1,764.21 |
| Less: Fair value of plan assets | | (1,835.15) | (1,793.44) |
| Net liability / (assets) recognized | | 85.38 | (29.23) |
| Recognised under: | | | |
| Short-term loans and advances (Refer note 19) | | - | (29.23) |
| Long-term provisions (Refer note 7) | | 85.38 | - |
| Total | | 85.38 | (29.23) |
| (iv) Net gratuity cost for the year | | | |
| Service cost | | 196.33 | 259.49 |
| Interest cost | | 151.10 | 174.34 |
| Expected return on plan assets | | (161.21) | (205.57) |
| Net actuarial loss / (gain) recognized in the current year | | 14.39 | (135.45) |
| Net gratuity cost (Refer note 26) | | 200.61 | 92.81 |
| (v) Asset information | | | |
| Life Insurance Corporation of India | | 100% | 100% |
| (vi) Assumptions used in accounting for the gratuity plan: | | | |
| Discount rate (p.a.) | | 7.60% | 8.00% |
| Return on Plan Assets (p.a.) | | 7.50% | 8.85% |
| Salary escalation rate (p.a.) | | 10.00% | 10.00% |
| Retirement age | | 60 years | 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 | | | |
| Gratuity | | 200.00 | 200.00 |
| (viii) Amounts recognised in current year and previous four years: | | | |

| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|----------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Defined benefit obligation | 1,920.53 | 1,764.21 | 3,661.62 | 2,883.96 | 2,968.23 |
| Plan assets | 1,835.15 | 1,793.44 | 3,783.62 | 2,156.78 | 1,302.88 |
| (Deficit) / Surplus | (85.39) | 29.23 | 122.00 | (727.18) | (1,665.35) |
| Experience adjustments | | | | | |
| -On plan liabilities | (96.33) | (157.05) | (166.77) | (145.51) | (9.25) |
| -On plan assets | (27.90) | (31.17) | 30.15 | 66.76 | 2.74 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| (c) Provision for Leave encashment | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Opening balance | 1,018.32 | 1,980.14 |
| Charge during the year | 78.13 | 546.99 |
| Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (872.92) |
| Amount paid during the year | (477.12) | (635.89) |
| Closing balance | 619.33 | 1,018.32 |
| Disclosed under: | | |
| Long-term provisions (Refer note 7) | 493.91 | 467.71 |
| Short-term provisions (Refer note 10) | 125.43 | 550.62 |
| Total | 619.34 | 1,018.32 |

33 Employee Stock Option Scheme

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

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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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 March 31, 2017 | (No of Options) Year ended March 31, 2016 |
|-----------------------------|------------------------------|---|
| Opening Balance | 2,76,117 | 3,71,025 |
| Granted during the year | - | - |
| Exercised during the year | (7,247) | (19,162) |
| Cancelled during the year | (1,20,943) | (75,746) |
| Balance unexercised options | 1,47,927 | 2,76,117 |

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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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 March 31, 2017 | (No of Options) Year ended March 31, 2016 |
|-----------------------------|------------------------------|---|
| Opening Balance | 1,43,825 | 3,08,939 |
| Granted during the year | - | - |
| Exercised during the year | (79,100) | (1,16,864) |
| Cancelled during the year | (2,500) | (48,250) |
| Balance unexercised options | 62,225 | 1,43,825 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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. Compensation cost calculated at intrinsic value is fully cross charged to the subsidiaries amounting to ₹ 8.52 lakhs and to the entities demerged (as described in note 43) amounting to ₹ 4.52 lakhs, based on the employees where they are currently employed. Consequently, there is no charge to the statement of profit and loss of the company during the current year.

| | (No of Options) | |
|-----------------------------|-----------------------------|-----------------------------|
| | Year ended March 31,2017 | Year ended March 31,2016 |
| Opening Balance | 13,42,312 | 13,15,439 |
| Granted during the year | - | 3,53,275 |
| Exercised during the year | (1,89,869) | (2,52,576) |
| Cancelled during the year | (1,28,783) | (73,826) |
| Balance unexercised options | 10,23,660 | 13,42,312 |

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 vesting period of stock options will range from one year to four years from the date of grant. The stock options are exercisable within a period of seven years from the date of vesting. 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. Compensation cost calculated at intrinsic value is fully cross charged to the entities demerged (as described in note 43) amounting to ₹ 4.56 lakhs, based on the employees where they are currently employed. Consequently, there is no charge to the statement of profit and loss of the company during the current year.

| | (No of Options) | |
|-----------------------------|-----------------------------|-----------------------------|
| | Year ended March 31,2017 | Year ended March 31,2016 |
| Opening Balance | 9,77,373 | 8,97,373 |
| Granted during the year | 3,20,000 | 2,23,850 |
| Exercised during the year | (1,04,043) | (62,000) |
| Cancelled during the year | (99,850) | (81,850) |
| Balance unexercised options | 10,93,480 | 9,77,373 |

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 March 31,2017 | Year ended March 31,2016 |
|--|-----------------------------|-----------------------------|
| Profit after taxation | 2,525.53 | 1,336.57 |
| Less : Employee stock compensation expenses based on fair value | (246.29) | (398.70) |
| Add: Employee stock compensation expenses based on intrinsic value | - | - |
| Profit after taxation as per Fair value method | 2,279.24 | 937.87 |
| Basic Earning per share (EPS) | | |
| Number of shares | 232,14,937 | 228,31,685 |
| Basic EPS as reported (₹) | ₹ 10.88 | ₹ 5.85 |
| Proforma Basic EPS (₹) | ₹ 9.82 | ₹ 4.11 |
| Diluted Earning per share (EPS) | | |
| Number of shares | 241,86,506 | 244,39,577 |
| Diluted EPS as reported (₹) | ₹ 10.44 | ₹ 5.47 |
| Proforma Diluted EPS (₹) | ₹ 9.42 | ₹ 3.84 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Stock options exercised during the year :

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|--------------------------------------|------------------------------|
| No. of options exercised during the year | 3,80,259 | 4,50,602 |
| Weighted average share price at the date of exercise (₹) | 56.05 | 123.94 |

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 Outstanding | Weighted Average Exercise Price (₹) | Weighted Average remaining Contractual Life (years) |
|-----------------------------|--------------------------------|--|---|
| As at March 31, 2017 | | | |
| Range of Exercise Price (₹) | | | |
| 0 - 150 | 16,27,042 | 60.48 | 5.79 |
| 151- 250 | 7,00,250 | 180.64 | 8.37 |
| Total | 23,27,292 | 96.63 | 6.57 |
| As at March 31, 2016 | | | |
| Range of Exercise Price (₹) | | | |
| 0 - 150 | 21,89,302 | 60.21 | 6.21 |
| 151- 250 | 5,50,325 | 182.52 | 8.79 |
| Total | 27,39,627 | 84.78 | 6.73 |

Information on stock options granted during the year :

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|---|------------------------------|
| No. of options granted during the year | 3,20,000 | 5,77,125 |
| Option Pricing model used | Market price as defined by SEBI / Discounted price as per the scheme | |
| Weighted average share price (₹) | 166.14 | 181.82 |
| Exercise Price (₹) | 168.84 | 182.65 |
| Expected volatility (%) | 49.88% | 48.57% |
| Option life (Vesting period + Exercise period) (Years) | 6.01 | 5.95 |
| Dividend yield (%) | 0.96% | 1.38% |
| Risk free interest rate (%) | 6.85% | 7.77% |

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.

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

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--------------------------------------|------------------------------|
| Expense arising from employee share-based payment plan | - | - |
| Employee stock options outstanding account (Refer note 4) | 82.82 | 74.66 |

34 Leases

(1) Operating leases

(i) Lease Payments

(a) Future minimum lease payments under non-cancellable operating leases (in respect of properties):

| | As at March 31, 2017 | As at March 31, 2016 |
|--|---------------------------------|-------------------------|
| Due within one year | - | 55.79 |
| Due later than 1 year but not later than 5 years | - | 58.52 |
| Total minimum lease payments | - | 114.31 |

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|-------------------------------------|------------------------------|
| (b) Operating lease rentals recognised in the Statement of Profit and Loss (Refer note 29) | 76.46 | 213.38 |
| (c) Description of significant operating lease arrangements: The Company has given refundable interest free security deposits under the lease agreements. All agreements contain provision for renewal. All agreements provide for restriction on sub lease. | | |

| | As at March 31, 2017 | As at March 31, 2016 |
|--|--------------------------------|-------------------------|
| (ii) Lease Income | | |
| (a) Future minimum lease income under non-cancellable operating leases (in respect of properties): | | |
| Due within one year | 233.54 | 168.00 |
| Due later than 1 year but not later than 5 years | 38.92 | 196.00 |
| Total minimum lease payments | 272.46 | 364.00 |

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|-------------------------------------|------------------------------|
| (b) Operating lease income recognised in the Statement of Profit and Loss (Refer note 25) | 248.26 | 161.26 |
| (c) Description of significant operating lease arrangements: The Company has taken refundable interest free security deposits under the lease agreements. | | |

(2) Finance leases

| | As at March 31, 2017 | As at March 31, 2016 |
|--|--------------------------------|-------------------------|
| Total minimum finance lease payments outstanding (in respect of vehicles): | | |
| Due within one year | 30.01 | 35.96 |
| Due later than 1 year but not later than 5 years | 26.35 | 19.58 |
| Total minimum lease payments | 56.36 | 55.54 |
| Less: Interest not due | (7.84) | (7.52) |
| Present value of net minimum lease payments | 48.52 | 48.02 |
| Disclosed under: | | |
| Long-term borrowings (Refer note 5) | 23.12 | 17.79 |
| Other current liabilities (Refer note 9) | 25.40 | 30.23 |
| | 48.52 | 48.02 |

35 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 fifteen years. Accordingly, a sum of ₹ 2,373.82 (Previous year ₹ 2,436.59) has been carried forward and shown under 'Long-term loans and advances' (Refer note 14).
- (b) The Company had received tax demands aggregating to ₹ 3,788.83 (including interest of ₹ 1,553.93) primarily on account of transfer pricing issues for the assessment years 2006-07 to 2013-14. 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 to 2010-11, the first appellate authority (the Commissioner of Income tax (Appeals)) has allowed most of these issues in favour of the company and the income tax authorities have filed an appeal with the second appellate authority (the Income Tax Appellate Tribunal). For the assessment years 2011-12 to 2013-14 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 to 2010-11, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

36 Derivative Financial Instruments

The Company's activities expose it to market risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. Risk management is predominately managed by the finance department of the Company under policies developed by Mastek UK Limited, a wholly owned subsidiary ("MUK"). The Finance department identifies, evaluates and hedges financial risks under the guidance and instructions of MUK, which predominantly provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and use of derivative financial instruments.

The Company, in accordance with its risk management policies and procedures laid down by MUK, 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 three years. The Company has no unhedged exposure in respect of receivables or payables denominated in foreign currency.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

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

| FC | March 31, 2017 | | | March 31, 2016 | | |
|-----|------------------|---|--|------------------|---|--|
| | 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) |
| GBP | 86 | 154.20 | 15,150.18 | 53 | 138.55 | 15,060.84 |

| | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Mark-to-Market (gains) / losses | | |
| Opening balance of Mark-to-market gains receivable on outstanding derivative contracts | 1,098.31 | 1,880.91 |
| Less: Released from Hedging reserve account to statement of profit and loss under revenue account upon occurrence of forecasted sales transactions | (1,894.07) | (900.42) |
| Add: Changes in the value of derivative instrument recognised in Hedging reserve account | 2,745.80 | 305.78 |
| Less: Transferred pursuant to a scheme of arrangement (Refer note 43) | - | (187.96) |
| Closing balance of Mark-to-market gains receivable on outstanding derivative contracts | 1,950.04 | 1,098.31 |
| Disclosed under: | | |
| Other current asset (Refer note 20) | 1,667.91 | 841.39 |
| Other non-current asset (Refer note 15) | 282.13 | 256.92 |
| | 1,950.04 | 1,098.31 |

There were no ineffectiveness recognised in the Statement of profit and loss during the period.

37 Related Party Disclosures

A. Enterprises where control exists

Mastek (UK) Limited, UK
 IndigoBlue Consulting Limited, India (w.e.f. May 1, 2015)
 Digility Inc., USA (w.e.f. Nov 17, 2015)
 Mastek Asia Pacific Pte Ltd., Singapore (up to Oct 31, 2015)
 Trans American Information Systems Private Limited, India (w.e.f. December 23, 2016)
 Trans American Information Systems Inc., USA (w.e.f. December 23, 2016)
 Taistech LLC, USA (w.e.f. December 23, 2016)

B. Joint Venture - Legal Practice Technologies Limited (up to December 6, 2016)

C. Other related parties with whom the Company had transactions during the year

Key Management Personnel (KMP):
 Sudhakar Ram, Vice Chairman and Managing Director
 Jamshed Jussawalla, Chief financial officer (from June 1, 2015 up to September 16, 2016)
 Hiren Shah, Senior Vice President
 Abhishek Singh, Chief financial officer (from September 17, 2016)

Enterprise where KMP has control: Cashless Technologies India Private Limited (w.e.f. February 2, 2016)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on March 31, 2017, including names of the related parties comprising more than 10% of the total transactions / balances of the same type, are given below:

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The Company has entered into transactions with the following related parties:

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--------------------------------------|------------------------------|
| i. Information Technology Services | | |
| Mastek (UK) Limited | 11,249.01 | 34,719.30 |
| Cashless Technologies India Private Limited | 402.22 | - |
| ii. Other Operating Revenue - One time fees | | |
| Mastek (UK) Limited | 908.01 | - |
| iii. Dividend from subsidiary | | |
| Mastek (UK) Limited | 236.70 | 239.59 |
| iv. Reimbursable expenses recovered on employee stock option schemes | | |
| Mastek (UK) Limited | 8.52 | 15.38 |
| v. Other income - Rental Income | | |
| Cashless Technologies India Private Limited | 8.86 | 0.24 |
| Trans American Information Systems Private Limited | 0.17 | - |
| vi. Other reimbursable expenses recovered from | | |
| Mastek (UK) Limited | 395.82 | 1,763.68 |
| Cashless Technologies India Private Limited | 3.76 | - |
| vii. Total remuneration to key management personnel | | |
| Sudhakar Ram | 120.69 | 125.46 |
| Jamshed Jussawalla | 32.00 | 45.97 |
| Abhishek Singh | 41.80 | - |
| Hiren Shah | 42.89 | 42.81 |
| viii. Corporate guarantee given by the Company for the term loan availed by | | |
| Digility Inc. | 6,485.00 | - |
| ix. Employee stock option exercise price paid by | | |
| Jamshed Jussawalla | 1.40 | - |
| Hiren Shah | 2.17 | 3.62 |
| x. Other expenses - Reimbursement of Customer Claim | | |
| Mastek (UK) Limited | 388.99 | - |
| xi. Investment in equity share warrants | | |
| Cashless Technologies India Private Limited | 0.80 | - |
| xii. Investment in subsidiary | | |
| Trans American Information Systems Private Limited | 1,187.38 | - |
| xiii. Miscellaneous income - Guarantee Commission | | |
| Digility Inc. | 42.27 | - |
| | As at | As at |
| Balances : | March 31, 2017 | March 31, 2016 |
| i. Trade Receivables | | |
| Mastek (UK) Limited | 976.73 | 4,347.03 |
| Digility Inc. | 42.21 | - |
| Cashless Technologies India Private Limited | 0.68 | - |
| ii. Other current liabilities - Other payables to subsidiary | | |
| Mastek (UK) Limited | 399.09 | - |
| iii. Reimbursable expenses receivable / (payable) | | |
| Mastek (UK) Limited | - | (142.61) |
| Cashless Technologies India Private Limited | 0.21 | - |
| iv. Other current liabilities - Security and other deposits | | |
| Cashless Technologies India Private Limited | 4.50 | - |
| Trans American Information Systems Private Limited | 0.25 | - |

38 Segment reporting

The Company has presented data relating to its segments in its consolidated financial statements which are included 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 standalone financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

39 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.

40 Other disclosures

a. 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.

b. Value of Imports on C.I.F. basis

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---------------|--|------------------------------|
| Capital goods | 290.48 | 258.16 |

c. Expenditure in foreign currency (Including expenditure incurred by the Company's overseas branch up to March 31, 2016)

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|--|------------------------------|
| Salaries, wages and performance incentives | - | 12,141.28 |
| Travelling and conveyance | 94.75 | 855.53 |
| Consultancy charges | - | 8,491.19 |
| Professional fees | - | 62.93 |
| Advertisement and publicity | - | 0.03 |
| Communication charges | - | 51.37 |
| Electricity | - | 13.67 |
| Insurance | - | 7.60 |
| Printing & stationery | - | 11.36 |
| Rates and taxes | - | 36.27 |
| Recruitment and training expense | 15.17 | 64.07 |
| Rent | - | 151.69 |
| Repairs to buildings | - | 73.05 |
| Repairs : others | 0.44 | 411.06 |
| Purchase of hardware and software | - | - |
| Bank charges | 1.00 | 1.18 |
| Directors sitting fees | 2.01 | - |
| Staff welfare expenses | - | 60.54 |
| Reimbursement of Customer Claim | 388.99 | - |
| Miscellaneous expenses | 1.82 | 31.24 |

d. Earnings in foreign exchange

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|--|------------------------------|
| Income from information technology services | 11,560.19 | 35,245.48 |
| Other operating revenue - one time fee | 908.01 | - |
| Dividend from subsidiary | 236.70 | 239.59 |
| Miscellaneous income - Guarantee Commission | 42.27 | - |
| Others | 1.84 | 5.68 |

41 Acquisition of Trans American Information Systems Private Limited, India

During the current year, Company has acquired 100% stake in Trans American Information Systems Private Limited, India a company engaged in IT Consulting and Software Services, for a fixed consideration of ₹ 1,187.38.

42 Considering the expansion in roles and responsibilities of Mastek (UK) Limited ("MUK") due to developments in the UK Business environment, effective April 1, 2016, the company has changed its pricing policy with MUK and has entered into a new agreement dated April 1, 2016 ("New Agreement"). Till March 31, 2016, the onsite services were provided by the Company's UK branch which was bearing the cost of providing these services. Effective April 1, 2016, the onsite services are provided by MUK, which is bearing the cost of providing these services. The revision in pricing policy, as compared to the erstwhile pricing policy, has resulted in the Company's revenue being lower by ₹ 21,646.11 and its profits being lower by ₹ 1,607.42 in the standalone results for the current year. Further, based on the New Agreement entered with MUK, the company had billed a one-time fee of ₹ 908.01 to MUK, due to the change in pricing policy and in accordance with the terms of the agreement and is included under the heading "Other operating income" in the Statement of Profit and Loss (Refer note 24).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED MARCH 31, 2017 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

43 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 Majesco Limited (Formerly known as Minefields Computers Limited) ("Majesco India"), 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 was April 1, 2014 and the appointed date for the offshore insurance operations business transfer was November 1, 2014. The Company 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. The Scheme had also been approved by the Hon'ble High Court of Bombay and Hon'ble High Court of Gujarat and on filing with the Registrar of Companies (ROC) the said scheme became effective from June 1, 2015. As specified in the Scheme, Mastek shareholders had been issued one equity share in Majesco India for every share held in Mastek, while retaining their existing Mastek share. Majesco India shares were listed on August 19, 2015 on the BSE and NSE, being exchanges where Mastek is currently listed.

The demerger had resulted in transfer of the assets, liabilities, Employee stock options outstanding account and Hedging reserve account relevant to the Transferred Undertaking including the Company's investment in Majesco, USA to Majesco India, the ultimate holding company of the Transferred Undertaking and had accordingly been given effect to in these Financials Statements. As prescribed in the Scheme, the book value of the above net assets aggregating to ₹ 24,401.43, in previous year had been debited to: Capital reserve ₹ 106.07, to General Reserve ₹ 2,415.67 and to Surplus in Profit and Loss Account ₹ 21,879.69 (Refer note 4).

44 Sale of Investment in Mastek Asia Pacific Pte. Limited, Singapore ("MAP")

During the previous year, the Company had sold its entire holding of 2,850,000 equity shares of MAP (a wholly owned subsidiary) to Majesco Sdn Bhd, Malaysia for a total consideration of ₹ 180.49. This sale had resulted in a gain of ₹ 4.95 after considering the provision for other than temporary decline in value made in earlier years. The Gain had been included under the heading "exceptional items" in the Statement of Profit and Loss (Refer note 30).

45 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

| Particulars | SBNs* (Amount in ₹) | Other denomination notes (Amount in ₹) | Total |
|---|------------------------|---|--------|
| Closing cash in hand as on 8 November 2016 | 0.21 | 2.45 | 2.66 |
| (+) Permitted receipts | - | 0.61 | 0.61 |
| (-) Permitted payments | - | (0.65) | (0.65) |
| (-) Amount deposited in Banks | (0.21) | - | (0.21) |
| Closing cash in hand as on 30 December 2016 | - | 2.41 | 2.41 |

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

46 Previous year figures have been regrouped or reclassified wherever necessary.

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

For and on behalf of the Board

Pradip Kanakia
Partner
Membership Number: 39985

Sudhakar Ram
Vice Chairman and
Managing Director

S.Sandilya
Non-Executive Chairman
and Independent Director

Mumbai, April 20, 2017

Abhishek Singh
Chief Financial Officer

Dinesh Kalani
Company Secretary

Mumbai, April 20, 2017

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy

The Company's philosophy of Corporate Governance, is based on strong foundations of ethical values and professionalism which being practised since the inception of the Company. Integrity, transparency, fairness, accountability and compliance are embedded in the Company's business practices. The Company's code of Business Conduct, its Whistle Blower Policy and its well-defined internal control systems which are subjected to rigorous audits periodically for their effectiveness, reinforces accountability and integrity of reporting and ensures transparency and fairness in dealing with the Company's stakeholders. The Company's focus on its customer centric approach together with its value added innovative service offerings and its involvement in CSR activities has enabled the Company to earn the trust and goodwill of its stakeholders on a consistent basis. The Company's policy 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 values.

Corporate Governance practised at the Company is not restricted to Board of Directors. It is an approach to Sustainable Development.

Mastek has always strived to go beyond the statutory and regulatory requirements of Corporate Governance. Our endeavour is to follow good governance both in letter as well as in spirit.

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 and profitable growth.

II. Board of Directors

(i) Size and Composition of the Board

The Company has a very balanced and diverse Board of Directors, including one Woman Director. The Board of Directors of the Company has a combination of Executive, Non-Executive and Independent Directors. The Composition of the Board primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons with varied professional background in the field of Information Technology, Finance, Marketing and Strategic, after Management etc. They take active part at the Board and Committee Meetings by providing valuable guidance & expert advice to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors. The Company has also devised a policy on board diversity.

As on March 31, 2017 the Board had 6 (six) members, of which 2 (two) are promoter-directors and the rest 4 (four) are Independent Directors.

The Chairman of the Board is a Non-Executive Independent Director. The Composition of the Board of Directors is in conformity with the requirement of Regulation 17 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 (Listing Regulations).

None of the Directors have any inter-se relationship among themselves except Mr. Sudhakar Ram and Ashank Desai, being Promoters of the Company.

(ii) Profile of Board of Directors

1. Mr. S. Sandilya: (DIN 00037542)

Non-Executive Chairman and Independent Director

Mr. S. Sandilya is a Commerce Graduate from Madras University and holds an MBA from the Indian Institute of Management, Ahmedabad and he has 48 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. He was the Group Chairman and Chief Executive for six years before becoming a non-executive Chairman, the post he continues to hold.

Additionally, Mr. Sandilya is a Director of Tube Investments of India Limited, Rane Brake Lining Limited, GMR Infrastructure Limited, 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.

He has been a National Council Member of Confederation of Indian Industries for many years. He is also the Non-Executive President of SOS Children's Villages of India, a Non-Profit Organisation providing care for abandoned and vulnerable children.

Mr. Sandilya is a Chairman of Board, Audit Committee, Stakeholder Relationship Committee and a Member of Nomination and Remuneration Committee of Mastek Limited.

Mr. Sandilya holds 26,000 (0.11%) Equity Shares in the Company.

2. Mr. Sudhakar Ram: (DIN 00101473)

Vice Chairman & Managing Director

Sudhakar Ram is responsible for driving and consolidating growth of Mastek Ltd in markets across the globe.

One of the Co-founder Directors of Mastek, Mr. Ram is at the helm of several strategic initiatives that will help the company achieve its vision of becoming a world class provider of Vertical Enterprise Platforms and Applications that enable business transformation. He is also responsible for driving and consolidating growth in markets across the globe and to that end he is leading Mastek's drive to become a serious global player in delivering IP-based solutions.

Within the Mastek organization, his focus is on bringing about a marked shift in leadership, commitment, creativity and culture with a view to accelerated increase in value delivery.

Mr. Ram, as a veteran of the IT industry, is also a keen observer of domestic and global IT and business trends. He uses his deep insight into the industry to frequently write articles and columns for leading newspapers.

Mr. Ram is a silver medalist from Indian Institute of Management (IIM), Calcutta (IIM-C ranks among the Top 5 management institutes in India). Before joining Mastek, he was the CIO of Rediffusion Dentsu Young & Rubicam.

Mr. Ram is a Member of Stakeholder Relationship Committee and Corporate Social Responsibility Committee of Mastek Limited.

Mr. Ram holds 27,91,680 (12.14%) Equity Shares in the Company.

3. Mr. Ashank Desai: (DIN 00017767)

Non-Executive Director

Mr. Ashank Desai, is an IT Industrialist and has done 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) from the IIM Ahmedabad in 1979. He worked with Godrej and Boyce before founding the Mastek. He is actively associated with several government bodies and trade associations.

Mr. Desai is the Founder and Former Chairman of Mastek Ltd. He also guides Mastek Foundation, whose mission is to enable "Informed Giving and Responsible Receiving".

Mr. Desai is widely recognized as an industry veteran and is one of the founder members & Past Chairman of NASSCOM. He was a former President of Asian Oceanian Computing Industry Organization (ASOCIO), an Association of 20 countries in this region. He also serves as Vice-Chairman, Society for Innovation and Entrepreneurship (SINE) at his alma mater IIT Bombay.

Mr. Desai is actively involved in the field of education, and is a Member of Governing Board of IIM Ahmedabad, a Member of Governing Board of Goa Institute of Management (GIM), Vice Chairman of Rashtriya Uchcharat Shiksha Abhiyan (RUSA) for Goa Government. He is also the Vice Chairman, Governing Board of Bombay First, an NGO working on the mission to make Mumbai a world class city.

Mr. Desai's other public contributions include serving as Member of the Maharashtra State Security Council. He is involved in CII & FICCI both at the Regional as well as National Level. He was earlier Member, International Team on Economic Reforms for the President of Zambia.

Recently he has been felicitated by the Prime Minister Shri Narendra Modi for his contribution to NASSCOM & IT Industry for the last 25 years. He has been conferred with the "Distinguished Alumnus" Award from IIT Bombay and the Computer Society of India (CSI) "Fellow of the Society" honour in recognition of his services to the Indian IT Industry as an entrepreneur and for his contribution to the growth of education. He has also been presented with the Honourable Contributors Award by ASOCIO – the only Indian to receive this recognition twice. He was conferred with the much coveted Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards (APEA) 2010 India.

Mr. Desai is a Chairman of Governance Committee and a Member of Audit Committee, CSR Committee, Stakeholder Relationship Committee and Nomination & Remuneration Committee of Mastek Limited.

Mr. Desai holds 30,99,552 (13.26%) Equity Shares in the Company.

4. Ms. Priti Rao: (DIN 03352049)

Non-Executive and Independent Director

Ms. Rao is a postgraduate in Computer Science from Indian Institute of Technology (IIT), Mumbai.

In her 24 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. 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.

She is a Chairperson at Aatmaja Foundation, Charitable Trust.

Ms. Rao is a Chairperson of CSR Committee and a Member of Governance Committee and Audit Committee of Mastek Limited.

Ms. Rao holds 29,600 (0.13%) Equity Shares in the Company.

5. Mr. Atul Kanagat: (DIN 06452489)

Non-Executive and Independent Director

Mr. Atul Kanagat is a B.Tech in Mechanical Engineering from Indian Institute of Technology, Mumbai 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 of the Seattle office 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 is a Chairman of Nomination & Remuneration Committee and a Member of Audit Committee and Stakeholder Relationship Committee of Mastek Limited.

Mr. Kanagat does not hold any shares in the Company.

6. Mr. Keith Bogg: (DIN 07658511)

Non-Executive and Independent Director

Mr. Bogg, A level Economist from University of Hertfordshire, is an experienced London based Company Director and business change leader operating across multiple functions and sectors with a focus on strategy, restructuring, growth and shareholder value. At Marks and Spencer, he held multiple roles including Global CIO, Director of Supply Chain and Logistics, and Retail Board Director responsible for the Homeware, Gifts and Stationery group in addition to the Direct Marketing function. Mr. Bogg has also held senior business change relationship roles with BBC Technology, Catlin Insurance group and as a public and private sector client facing strategic advisor for Gartner. Most recently, he held a Non-Executive Chairman role with Data & Research Services PLC, and currently holds advisory roles with the Civil Aviation Authority and the Grosvenor Group.

Mr. Bogg is Director on the Board of "The Anchorage Residents Management Limited" U.K.

Mr. Bogg is a Member of Audit Committee and Governance Committee of Mastek Limited.

Mr. Bogg joined the board in January 2017 and does not hold any shares in the Company. Mr. Bogg's appointment is subject to shareholders approval at the ensuing Annual General Meeting.

(iii) Board Diversity

Your Company has over the years been fortunate to have eminent persons from diverse fields as Directors on its Board.

Pursuant to SEBI Regulations, the Nomination & Remuneration Committee has formalized a policy on Board Diversity to ensure diversity of experience, knowledge, perspective, background, gender, age and culture. The policy is posted on the Company's website and can be accessed on web link <http://www.mastek.com/corporate-governance>.

(iv) Number of Board Meetings

During the financial year ended March 31, 2017, 8 (Eight) Board Meetings were held on April 19, 2016, June 27, 2016, July 15, 2016, October 18, 2016, November 1, 2016, December 12, 2016, January 17, 2017 and March 08, 2017.

(v) Directors' Attendance and Directorships held

| Name of Director | Category of Directorship | No. of Board Meetings attended | Attendance at last AGM on July 25, 2016 | Date of Appointment in the current term | No. of other Directorships held in Indian public Limited Companies (including Mastek) | No. of Committees Memberships (including Mastek) | No. of Committees Chairmanship (including Mastek) |
|---|---|--------------------------------|---|---|---|--|---|
| Mr. S. Sandilya | Non-Executive Chairman and Independent Director | 8 of 8 | Yes | 01-04-2015 | 6 | 3 | 4 |
| Mr. Sudhakar Ram | *Vice Chairman & Managing Director (Promoter) | 8 of 8 | Yes | 01-07-2014 | 2 | 1 | -- |
| Mr. Ashank Desai | Non-Executive Director (Promoter) | 7 of 8 | Yes | 12-01-2007 | 3 | 4 | -- |
| Ms. Priti Rao | Non-Executive Director (Independent) | 7 of 8 | Yes | 01-04-2015 | 1 | 1 | -- |
| Mr. Atul Kanagat | *Non-Executive Director (Independent) | 6 of 8 | No | 01-04-2015 | 1 | 2 | -- |
| Mr. Keith Bogg (Appointed as an Additional Director w.e.f. January 17, 2017) | *Non-Executive Director (Independent) | 2 of 2 | -- | 17-01-2017* | 1 | 1 | -- |

Designation changed w.e.f. November 1, 2016.

* Subject to confirmation at the 35th Annual General Meeting by the shareholders.

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 Listing Regulations. Further, None of the Directors act as an Independent Director in more than 7 Listed Companies.
- Particulars of Director appointment/retiring by rotation and seeking re-appointment have been given in the Notice convening the 35th 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 the Listing Regulations i.e. Audit Committee and Stakeholder Relationship Committee.
- As prescribed under Section 165 of Companies Act, 2013 in calculating the number of Directorships, Private Limited Companies which are neither a subsidiary nor a holding Company of Public Ltd. Co., have been excluded. Also Directorship held in Foreign Companies and Section 8 Companies have been excluded.
- None of the Directors is related to any of the director except Mr. Ashank Desai and Mr. Sudhakar Ram being the Promoter Directors of the Company.

(vi) Performance Evaluation of the Board and Individual Directors

In compliance with Companies Act, 2013 and Listing Regulations, the Board of Directors has carried out an annual evaluation of its own performance, Board Committees, Individual Directors, Chairpersons, Managing Director and the CEO for the year under review. In respect of individual directors including the non-executive chairman and the managing director, their personal performance was carried out using a peer review process, facilitated by an outside subject matter expert with confidential processing of inputs, interpretation of findings followed by one-on-one meeting of the individual Directors, and concluding with an aggregate presentation to the entire board.

Board and Committee functioning was reviewed and evaluated on the basis of responses from directors, committee members, Managing Director and the CEO to structured questionnaires, covering various aspects of the composition and functioning of the board and its committees.

In a separate meeting of the Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman were also evaluated, taking into account the views of executive directors and non-executive directors. The Directors were asked to provide their valuable feedback and suggestions about the overall functioning of the Board and its committees and its areas of improvement for a higher degree of engagement with the Management.

The Board expressed its satisfaction with the Evaluation results, which reflects the high degree of engagement of the Board and its committees with the Company and its Management. Based on

the outcome of the evaluation and assessment cum feedback of the Directors, the Board and the Management have also agreed on various points which will be implemented over an agreed timeframe.

(vii) Independent Directors

Independent Directors play a vital role in the governance process of the Board. With their expertise in various fields, they enrich the decision making process at the Board.

The appointment of Independent Directors is made in a structured manner. The Nomination & Remuneration Committee identifies potential candidates based on certain criteria and considers the diversity of the Board.

The Independent Directors have a fixed term of five years from their respective date of appointment. The Independent Directors have confirmed that they meet the criteria of independence laid down under the Companies Act, 2013 and Listing Regulations.

During the year under review, the Independent Directors met on April 19, 2016 and January 17, 2017 inter alia:

- To discuss the financials of the Company.
- To assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board Members to effectively and reasonably perform their duties
- Evaluation of Performance of Non-Independent Directors and the Board as whole.
- Evaluation of Performance of Chairperson of the Company, taking into account the views of executive directors and non-executive directors. and
- Other related matters.

All the Independent Directors were present throughout the Meetings. They expressed satisfaction on the Board Member's freedom to express views on the business transacted at the various Board and Committee meetings and the openness with which the Management discussed various subject matters on the agenda of the meetings.

(viii) Induction Program for New Directors and On-going Familiarization Programme for Existing Independent and Non-Independent Directors

An appropriate induction programme for new Directors and an on-going familiarization with respect to the business of the Company for all the Directors is provided so that meaningful Board level deliberations are held and sound business decisions are taken.

At the time of appointment of a Director, a formal letter of appointment is issued to the Director. The letter of appointment inter-alia includes the role, function, duties and responsibilities of the Director and the Board's expectations from the Director. The Director is also explained the various compliances required from him/her under the Companies Act, 2013, SEBI and other relevant Regulations.

Every new Director of the Board needs to attend an Orientation Program organized by the Company. Presentations are made by Vice Chairman & Managing Director and Senior Management team, 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 services offering, Markets, Software Delivery, Organization Structure, Finance, HR, Technology, Quality Facilities and Risk Management.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfil his/ her role as a Director of the Company.

Further, as an on-going process, the Board of Directors is updated on a quarterly basis through presentations and discussions on the overall economic trends, the performance of the IT Industry and that of the Company, analysis of the circumstances which helped or adversely impacted the Company's performance and the initiatives taken / proposed to be taken to bring about an overall improvement in the performance of the Company, comparison of the Company's performance with its peers in the Industry as available in public domain, marketing strategy, business risks and mitigation plan, etc. The directors are periodically updated on the regulatory changes and their impact on the company.

Details of the programme for familiarization of Independent Directors with the working of the Company are available on the website of the Company and can be accessed at web link www.mastek.com/corporate-governance.

(ix) 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 - www.mastek.com/corporate-governance.

(x) Prevention of Insider Trading Code:

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mr. Dinesh Kalani, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation

of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

III. 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 Auditors 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 the internal auditors any significant findings and follow-up action.
- (g) Review with the management the quarterly/half-yearly/ yearly 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.
- (m) Review the matter included in the Director's Responsibility Statement.
- (n) Review the Management's Discussions and Analysis of Company's operations.
- (o) Recommend to the Board, the appointment and remuneration of the CFO and Internal Auditors, and
- (p) Any other matters as may be required under Companies Act, 2013 and Listing Regulations.

(ii) Composition

Mastek has an Audit Committee that currently comprises of four Independent directors and a Non-Executive Director (Non-Independent). The Independent Directors are accomplished professionals from the corporate fields. The Managing Director, Chief Executive Officer and Chief Financial Officer of the Company attend the Audit Committee meetings. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2017 the Committee met 4 (Four) times on April 19, 2016, July 15, 2016, October 18, 2016 and January 17, 2017. The attendance of the members at the meetings is stated below:

| Name of the Members | Category | No. of Meetings attended |
|--|-------------------------------|--------------------------|
| Mr. S. Sandilya, Chairman | Non-Executive/Independent | 4 |
| Mr. Ashank Desai, Member | Non-Executive/Non Independent | 4 |
| Ms. Priti Rao, Member | Non-Executive/Independent | 4 |
| Mr. Atul Kanagat, Member | Non-Executive/Independent | 4 |
| Mr. Sudhakar Ram, Member (upto July 20, 2016) | Executive/Non Independent | 2 |
| Mr. Keith Bogg, Member (w.e.f. 17th January, 2017) | Non-Executive/Independent | N.A. |

The Chairman of the Committee was present at the Annual General Meeting of the Company.

The meetings are also attended by the 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.

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.

The Independent Directors of the Company had one separate meeting with Price Waterhouse Chartered Accountants LLP - Statutory Auditors of the Company. They also met separately with Internal Auditors once during the year.

2. 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 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, make 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 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 Bonus to be paid to Managing Director & eligible employees.
- To fix the sitting fees for Non-Executive Directors for attending Board as well as Committee Meetings.
- To ensure that-
 - 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;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 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.
- Succession planning of the Board of Directors, Key/Senior Management personnel.
- Review the performance of the Board of Directors, Key Managerial Personnel based on certain criteria as approved by the Board.

(ii) Composition

The Chairman of the Committee is Mr. Atul Kanagat. The other members are Mr. S. Sandilya and Mr. Ashank Desai. All are Non-Executive Directors.

During the year ended on March 31, 2017 the Committee met 5 (five) times on April 18, 2016, July 14, 2016, October 18, 2016, November 01, 2016 and January 16, 2017. The attendance of the members at the meetings is stated below:

| Name of the Member | Category | No. of Meetings attended |
|----------------------------|-------------------------------|--------------------------|
| Mr. Atul Kanagat, Chairman | Non-Executive/Independent | 5 |
| Mr. S. Sandilya, Member | Non-Executive/Independent | 5 |
| Mr. Ashank Desai, Member | Non-Executive/Non Independent | 5 |

The Chairman of the Committee was not present at last Annual General Meeting of the Company since he was out of the country on other engagements. The declaration for the same was received from him.

3. Stakeholders Relationship Committee

(i) Terms of Reference

- To approve requests for share transfer/ transmission, issue of duplicate share certificates for shares reported lost, defaced or destroyed, as per the laid down procedure;
- To issue and allot right shares/bonus shares pursuant to a Rights/Bonus Issue subject to such approvals as may be required;
- To issue and allot shares on exercise of Stock options by Employees under various ESOP Schemes, subject to completion of all necessary formalities;
- To approve and monitor dematerialization/rematerialization of shares and all matters incidental thereto;
- To authorize the Company Secretary and Registrar and Share Transfer Agent to attend to matters relating to non-receipt of Annual reports, notices, non-receipt of declared dividend, change of address for correspondence, etc and to monitor action taken;
- To authorize the Company Secretary and Registrar and Share Transfer Agent to attend to matters relating to transfer/transmission of shares, issue of duplicate share certificates for shares reported lost, defaced or destroyed, to issue new certificates against subdivision of shares and renewal, split or consolidation of share certificates;
- To monitor expeditious redressal of grievances of shareholders including complaints relating to transfer/transmission of shares, non-receipt of declared dividends/ Annual Reports, issue of duplicate certificates and other complaints;
- All other matters incidental or related to shares of the Company;
- Any other matter as may be assigned to the Committee by the Board of Directors.

(ii) Composition

The Chairman of the Committee is Mr. S. Sandilya. Other members are Mr. Ashank Desai, Mr. Sudhakar Ram, and Mr. Atul Kanagat. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2017 the Committee met 7 (Seven) times on April 18, 2016, June 03, 2016, July 14, 2016, September 01, 2016, October 17, 2016, January 16, 2017 and March 08, 2017.

The attendance of the members at the meetings is stated below:

| Name of the Members | Category | No. of Meetings attended |
|---------------------------|-------------------------------|--------------------------|
| Mr. S. Sandilya, Chairman | Non-Executive/Independent | 5 |
| Mr. Atul Kanagat, Member | Non-Executive/Independent | 5 |
| Mr. Ashank Desai, Member | Non-Executive/Non Independent | 7 |
| Mr. Sudhakar Ram, Member | Executive/Non Independent | 7 |

Mr. Dinesh Kalani, Company Secretary has been designated as the "Compliance Officer" of the Company. The details of investors' complaints received and resolved during the Financial Year 2016-17 are as under:

| No. of Investors' Complaints received during the year 2016-17 | No. of Investors' Complaints resolved during the year 2016-17 | No. of Investors' Complaints pending as on March 31, 2017 |
|---|---|---|
| NIL | NA | NIL |

There were no pending transfers/grievances as on March 31, 2017.

4. 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

- Review the existing Corporate Social Responsibility Policy and to make it more comprehensive so as to 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.
- Provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

(ii) Composition

The Chairperson of the Committee is Ms. Priti Rao. The other members are Mr. Sudhakar Ram and Mr. Ashank Desai. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2017 the Committee met 2 (Two) times on April 18, 2016 and October 17, 2016. The attendance of the members at the meeting is stated below:

| Name of the Members | Category | No. of Meetings attended |
|----------------------------|-------------------------------|--------------------------|
| Ms. Priti Rao, Chairperson | Non-Executive/Independent | 2 |
| Mr. Ashank Desai, Member | Non-Executive/Non Independent | 2 |
| Mr. Sudhakar Ram, Member | Executive/Non Independent | 2 |

NON-MANDATORY COMMITTEE:

5. 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 these 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. Sudhakar Ram, Ms. Priti Rao and Mr. Keith Bogg. The Company Secretary is the Secretary of the Committee.

During the year ended March 31, 2017 the Committee met 4 (four) times on April 18, 2016, July 14, 2016, October 17, 2016 and January 16, 2017. The attendance of the members at the meetings is stated below:

| Name of the Members | Category | No. of Meetings attended |
|---|-----------------------------------|--------------------------|
| Mr. Ashank Desai, Chairman | Non-Executive/ Non Independent | 4 |
| Ms. Priti Rao, Member | Non-Executive/ Independent | 4 |
| Mr. Sudhakar Ram, Member (Resigned w.e.f. April 19, 2017) | Executive/Non Independent | 4 |
| Mr. Keith Bogg, Member (appointed w.e.f. January 17, 2017) | Non-Executive/ Independent | N.A. |

IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Nomination and Remuneration Committee has developed a policy which deals with the manner of selection of Board of Directors and Key Managerial Personnel (KMP) and their remuneration. The relevant details are:

1. Pecuniary Relationship or Transactions with Non-Executive Directors.

Mr. Ashank Desai, Non-Executive Director was provided perquisites aggregating to ₹ 1,12,264/- during the year ended March 31, 2017 for rendering professional services. The Shareholders in the 33rd Annual General Meeting of the Company held on August 17, 2015 has approved the perquisites which is valid up to June 30, 2018.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive/ Independent Directors apart from payment of sitting fees/Commission/perquisites as approved by the Shareholders.

2. 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 may, directly or indirectly 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 Director. The key elements in which every Independent Director will be expected to contribute are: Strategy, Performance, Risk, People, Reporting and Compliance.

3. Remuneration Policy for the Key Managerial Personnel (KMPs)

In determining the remuneration of KMPs, the Nomination and Remuneration 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.

4. Remuneration of Directors

- While fixing the remuneration for Directors, 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 Non-Executive Director was fixed at ₹ 1,00,000/- each meeting of the Board and for Audit Committee was fixed at ₹ 50,000/-. With effect from April 01, 2017, the sitting fees for Non-Executive Director is fixed at ₹ 1,00,000 each meetings of Board, Audit Committee, Nomination & Remuneration Committee and Governance Committee and ₹ 50,000 each meeting for Stakeholders Relationship Committee and Corporate Social Responsibility Committee.
- The Non-Executive 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 Profits 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 year ended March 31, 2017 are stated below:

| Name | Perquisites (₹) | Sitting Fees (₹) | Commission* (₹) | Total (₹) |
|---|-----------------|------------------|------------------|------------------|
| Mr. Ashank Desai | 1,12,264 | 9,00,000 | - | 10,12,264 |
| Ms. Priti Rao | - | 9,00,000 | 9,50,000 | 18,50,000 |
| Mr. S. Sandilya | - | 10,00,000 | 18,00,000 | 28,00,000 |
| Mr. Atul Kanagat | - | - | - | - |
| Mr. Keith Bogg (w.e.f. January 17, 2017) | - | 2,00,000 | - | 2,00,000 |
| Total | 1,12,264 | 30,00,000 | 27,50,000 | 58,62,264 |

* Provision made for the financial year 2016-17.

5. Criteria for 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 taking into consideration the amount of time spent on the critical policy decisions and higher degree of engagement by the Members.

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). The payment of remuneration by way of commission to non-executive Directors was approved by the shareholders in the 31st Annual General Meeting of the Company held on July 17, 2013 which is valid upto the year ending March 31, 2018.

Number of options/equity shares held by Independent Directors as on March 31, 2017:

| Name of the Directors | No. of Options granted | No. of Options exercised | No. of Equity Shares held |
|--|------------------------|--------------------------|---------------------------|
| Ms. Priti Rao | 29,600 | 29,600 | 29,600 |
| Mr. S. Sandilya | 26,000 | 26,000 | 26,000 |
| Mr. Atul Kanagat | 24,600* | - | - |
| Mr. Keith Bogg (appointed w.e.f. January 17, 2017) | NIL | NIL | NIL |

* Note: Mr. Atul Kanagat was granted 24,600 options on February 07, 2013. These options had already vested equally over the 4 year vesting period and can be exercised within 7 years from vesting date.

Note: No Stock Options were granted to Mr. Sudhakar Ram and Mr. Ashank Desai.

Number of equity shares held by other Directors as on March 31, 2017:

| Name of the Directors | No. of Equity Shares held |
|-----------------------------|---------------------------|
| Mr. Sudhakar Ram (Promoter) | 2,791,680 (11.94%) |
| Mr. Ashank Desai (Promoter) | 3,099,552 (13.26%) |

6. Proposed Terms of Re-appointment & Remuneration of Mr. Sudhakar Ram as Vice Chairman & Managing Director with effect from July 01, 2017 to June 30, 2020:

Mr. Sudhakar Ram was appointed as the Managing Director and Group CEO of the Company for a period of 3 years with effect from July 01, 2014 to June 30, 2017 vide shareholders' resolution dated July 23, 2014. During the year he was re-designated as Vice Chairman and Managing Director effective November 1, 2016.

Subsequently, the Nomination & Remuneration Committee of the Board and the Board of Directors of the Company, at their respective meetings held on November 1, 2016 has approved modification in terms of remuneration of Mr. Sudhakar Ram as Vice Chairman & Managing Director of Mastek Limited for the balance period from November 01, 2016 up to June 30, 2017. Mr. Sudhakar Ram also holds the position of Managing Director in Cashless Technologies India Private Limited with effect from November 01, 2016 with the prior consent of Mastek Limited and draws remuneration also. Mr. Ram is a promoter of Cashless Technologies India Private Limited, a start-up incubated by himself initially.

Now as his current term is expiring on June 30, 2017, the Board based on the recommendation from Nomination & Remuneration Committee at its Meeting held on April 20, 2017 approved his reappointment on current terms and conditions including his remuneration, subject to approval of the members in the ensuing Annual General Meeting as the "Vice Chairman & Managing Director" of the Company for a further period of three years i.e. from July 01, 2017 to June 30, 2020.

Basic Salary:

₹ 5,86,400/- (Rupees Five lakhs and Eighty-Six Thousand and Four Hundred only) per month, with an option of annual increment as may be decided by the Nomination & Remuneration Committee and/or Board of Directors of the Company, from time to time.

Lunch Allowance/Coupons:

₹ 2,200/- per month.

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 ₹ 15 lakhs per annum.

Car Facility:

Car facility with driver to be used for the business of the Company.

Club Fees:

Reimbursement of Club Fees up to maximum of two clubs.

Telephone:

Free telephone facility at his residence and mobile phone 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. For the purposes of calculating the above ceilings, 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 with driver and mobile phone for use of the Company's business and telephone at the Managing Director's residence will not be considered as perquisites.

In the event of inadequacy of profits or no profits, the minimum remuneration or perquisites of the Vice Chairman & Managing Director shall be subject to the limits prescribed under Schedule V to the Companies Act, 2013. Mr. Sudhakar Ram, so long as he functions as the Vice-Chairman & Managing Director of the Company, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee/s thereof from the date of his appointment and he is liable to retire by rotation.

7. Remuneration of Vice Chairman & Managing Director:

The present Remuneration of Mr. Sudhakar Ram - Vice Chairman & Managing Director, is given in notes to Accounts.

V. GENERAL BODY MEETINGS

(i) Particulars of Annual General Meetings held & Special Resolution passed during the last three years:

| Financial Year | Date | Time | Location | Special Resolutions Passed |
|----------------|-----------------|-----------|---|---|
| 2015-16 | July 25, 2016 | 11.00 A.M | Ahmedabad Management Association, H.T. Parekh Hall, Ahmedabad | • Substitution of then existing Articles of Association of the Company with the new set of Articles of Association due to the requirements of Companies Act, 2013 |
| 2014-15 | August 17, 2015 | 11.00 A.M | Ahmedabad Management Association, H.T. Parekh Hall, Ahmedabad | • Payment of certain benefits /Perquisites to Mr. Ashank Desai for 3 years |
| 2013-14 | July 23, 2014 | 11.00 A.M | Ahmedabad Management Association, H.T. Parekh Hall, Ahmedabad | • No Special Resolution passed in this Annual General Meeting. |

All the resolutions as set out in the notices were passed unanimously/by requisite majority by the members of the Company.

(ii) Details of Resolution passed through Postal ballot, the person who conducted the postal ballot exercise and details of the voting pattern:

During the year under review, no resolution has been passed through the exercise of postal ballot.

As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

VI. MEANS OF COMMUNICATION

1. Quarterly results subjected to Limited Review 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/financial-information>. 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.

The Company has disclosed and complied with all the mandatory requirements as stipulated in Listing Regulations. The details of these compliances have been given above in the relevant sections of this report.

3. The Presentations, Intimations of analyst or institutional investors meet are also uploaded on the Company's website at <http://www.mastek.com/investor-information>. as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in presentation made to institutional investors and financial analysts.

4. NSE Electronic Application Processing System (NEAPS) is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are filed electronically on NEAPS.

5. BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are also filed electronically on the Listing Centre.

6. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Communication with the Members/ Shareholders

The unaudited quarterly / half yearly results are announced within forty-five days from 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 Regulations with the Stock Exchanges. The aforesaid financial results are sent to/uploaded on website of 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 Gujarati/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 including Press Release.
- 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: www.mastek.com/financial-information. can be downloaded.
- 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>, and is also filed electronically with NSE through NSE's NEAPS portal at www.connect2nse.com.
- A separate dedicated section under Unpaid Dividend on the Company's website gives information on unclaimed dividends and also underlying shares, quarterly compliance reports/communications with the Stock Exchange and other relevant information of interest to the investors/public.

VII. GENERAL SHAREHOLDER INFORMATION:

1. ANNUAL GENERAL MEETING:

| | |
|--------------------------|---|
| - Date and Time : | Thursday, June 22, 2017 at 11.00 a.m. |
| - Venue : | Ahmedabad Management Association, H.T. Parekh Hall, AMA Complex, ATRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015. |

2. FINANCIAL YEAR AND CALENDAR:

The Company follows the period of 1st April to 31st March, as the Financial Year.

| - Financial reporting for the quarters ending – | |
|--|----------------------------|
| June 30, 2017 | tentative July 19, 2017 |
| September 30, 2017 | tentative October 26, 2017 |
| December 31, 2017 | tentative January 18, 2018 |
| March 31, 2018 | tentative April 19, 2018 |

3. BOOK CLOSURE DATE: June 16, 2017 to June 22, 2017 (both days inclusive)

4. DIVIDEND PAYMENT DATE:

A dividend payment of ₹ 2.5/- per equity share (face value of ₹ 5/- each) will be paid within 30 days from the date (of Annual General Meeting subject to the approval of the members at the Annual General Meeting).

5. LISTING OF SHARES AND STOCK CODE:

The equity shares are at present listed at the following Stock Exchanges:

| Name of Exchange | Script Code | Reuters | Bloomberg | ISIN |
|---|-------------|---------|-----------|--------------|
| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. | 523704 | MAST.BO | MAST:IN | INE759A01021 |
| National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. | MASTEK | MAST.NS | NMAST:IN | |

6. LISTING FEES AND ANNUAL CUSTODY FEES TO DEPOSITORIES:

All the Listing fees and the Custody fees has been paid upto March 31, 2017.

The Company will pay on or before the due date annual listing fees for the financial year 2017-2018 to the Stock Exchanges where the Company's shares are listed.

Also, the Company will pay on or before the due date Annual Custody Fees for the financial year 2017-18 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

7. CAPITAL STRUCTURE:

| | |
|---|--|
| Authorized Capital | Equity ₹ 200,000,000/- Preference ₹ 200,000,000/- |
| Issued, Subscribed and Paid-up Capital | Equity ₹ 11,68,87,665 /- |

8. DISTRIBUTION OF SHAREHOLDING

Distribution of Shareholding as on March 31.

| No. of shares | 2017 | | | | 2016 | | | |
|---------------|------------------|---------------|--------------------|---------------|------------------|---------------|--------------------|---------------|
| | Shareholders No. | % | No. of Shares | % | Shareholders No. | % | No. of Shares | % |
| 1 - 500 | 18,298 | 88.46 | 17,04,485 | 7.29 | 22,355 | 90.67 | 21,23,128 | 9.23 |
| 501-1000 | 1,142 | 5.52 | 9,10,908 | 3.90 | 1,222 | 4.96 | 9,62,141 | 4.18 |
| 1001-5000 | 1,003 | 4.85 | 20,90,136 | 8.94 | 851 | 3.45 | 17,82,973 | 7.75 |
| 5001-10000 | 110 | 0.53 | 7,74,044 | 3.31 | 109 | 0.44 | 7,69,710 | 3.35 |
| 10001-above | 131 | 0.63 | 1,78,97,960 | 76.56 | 118 | 0.48 | 1,73,59,322 | 75.48 |
| TOTAL: | 20,684 | 100.00 | 2,33,77,533 | 100.00 | 24,655 | 100.00 | 2,29,97,274 | 100.00 |

9. MONTHLY VOLUME AND PRICES: Financial Year 2016-17

| Month and year | BSE Limited | | | National Stock Exchange of India Limited | | |
|----------------|-------------|---------|-----------|--|---------|-------------|
| | High (₹) | Low (₹) | Volume | High (₹) | Low (₹) | Volume |
| April 2016 | 155.7 | 139.2 | 8,72,238 | 155.8 | 139.2 | 40,08,074 |
| May 2016 | 160.9 | 132.3 | 7,94,519 | 160.75 | 132 | 38,25,224 |
| June 2016 | 156.8 | 131.6 | 5,37,939 | 157 | 128.65 | 33,32,183 |
| July 2016 | 144.85 | 129.9 | 7,36,311 | 145 | 130.1 | 39,59,200 |
| August 2016 | 139.5 | 126.95 | 3,98,411 | 137.95 | 126.6 | 20,87,224 |
| September 2016 | 131.35 | 108.65 | 2,28,079 | 131.7 | 108.5 | 12,86,124 |
| October 2016 | 153.9 | 111.55 | 24,33,064 | 153.9 | 111.1 | 12,10,8573 |
| November 2016 | 155 | 121.85 | 8,02,814 | 155 | 121.65 | 36,11,878 |
| December 2016 | 185.35 | 136.65 | 28,87,849 | 185.4 | 136.15 | 1,39,73,189 |
| January 2017 | 206.25 | 165.5 | 30,01,934 | 206.45 | 165 | 1,39,89,753 |
| February 2017 | 198.15 | 178.15 | 5,29,647 | 197.75 | 177.85 | 27,80,454 |
| March 2017 | 197.55 | 176 | 5,51,743 | 197.3 | 176 | 24,66,559 |

10. MASTEK SHARE PRICE PERFORMANCE VERSUS NSE'S S&P CNX 500

Relative Price Performance Mastek v/s NSE's S&P CNX 500



Source: BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com)

11. SHARE TRANSFER SYSTEM / UNCLAIMED DIVIDEND AND OTHER RELATED MATTERS

i. Registrar and Share Transfer Agent: 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:
Karvy Computershare Private Limited

Unit: Mastek Limited
Registered Office: Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli, Nanakramguda,
Financial District, Hyderabad – 500032, Telangana.
Phone: Tel.: +91 040-6716 2222 Fax: +91 040-23420814
Toll Free no.: 1800-345-4001
E-mail: einward.ris@karvy.com

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 15 days of lodgement.

The Company has obtained the half yearly certificate from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Regulation 40(9) of Listing Regulations and a half yearly certificate duly signed by the Compliance Officer of the Company and the authorized representative of RTA as per the requirement of Regulation 7(3) of Listing Regulations. 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. 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. Nomination facility for shareholders

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 RTA of the Company. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

iv. 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.

v. Unclaimed Dividend

Pursuant to provisions of Section 125 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 unclaimed dividend amount of ₹ 12,60,133/- on completion of seven years has been credited to IEPF during the year.

Final Dividend for the year 2009-10 is due in October, 2017, to be transferred to Investors Education and Protection Fund (IEPF) established by Central Government. All the members who have not encashed the dividend warrant since 2009-10 & thereafter are requested to take steps to encash the same.

vi. Transfer of Underlying Equity Shares to Investor Education and Protection Fund (IEPF) Deamt Account

Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended vide circular dated February 28, 2017 all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would be transferred to the DEMAT Account of the IEPF Authority. The Company has also uploaded full details of such shares due for transfer as well as unclaimed dividends on the website of the company at www.mastek.com/investor-information. Therefore all the concerned Shareholders are requested to refer and verify the details as available on the Company's website in this regard. The concerned Shareholders may further note that underlying shares will be transferred to the DEMAT Account of the Authority including all benefits accruing on such shares, if any, can be claimed back from the IEPF Authority after following the procedure prescribed in the said Rules. Also as per the said circular the due date of transfer of such shares shall be **May 31, 2017**.

The Company has initiated the process and already issued individual notices to all the concerned shareholders, who have not yet claimed their dividends (interim as well as final) for the last seven consecutive years, and a Newspaper advertisement for the same was also given in the Financial Express in English Language and its Ahmedabad edition in Gujarati language, Free press journal and Navshakti (Marathi Language) on November 26, 2016.

In case the Company does not receive any communication from the concerned shareholders by due date or such other date as may be extended under the said Rules, the Company shall, with a view to complying with the requirements as set out in the Rules, will transfer the underlying shares to the DEMAT Account of the IEPF Authority by the due date as per the procedure stipulated

in the Rules. In case the shareholders have any queries on the subject matter and the Rules, they may contact the Company's Share Transfer Agent, Karvy Computershare Private Limited.

The Members / claimants whose shares, unclaimed dividend, etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in IEPF Form-5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member / claimant can file only one consolidated claim in a financial year as per the IEPF Rules. It is in the Members interest to claim any unencashed dividends and for future, opt for Automated Clearing House (ACH) mode, so that dividends paid by the Company are credited to the investor's account on time.

vii. Pending Investor Grievances

Any Member / Investor whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary at the Registered/Corporate Office with a copy of the earlier correspondences.

viii. 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 a Practising Company Secretary 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 Secretarial 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 the Board of Directors.

ix. Payment of Dividend through Automated Clearing House (ACH)

The Company provides the facility for direct credit of the dividend to the Members Bank Account. SEBI Regulations also mandate Companies to credit the dividend to the Members electronically. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their Bank account through the Banks' "Automated Clearing House" mode. Members who hold shares in demat mode should inform their Depository Participant, whereas Members holding shares in physical form should inform the Company of the core banking account details allotted to them by their bankers. In cases where the core banking details are not available, the Company will issue dividend warrants to the Members.

x. Green Initiatives for sending communication

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 send a communication through Annual Reports to all the members requesting them to give their E-mail ID'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 ID's to their DP's, are requested to do the same in the interest of environment.

12. SHAREHOLDING PATTERN AS AT MARCH 31

| Sr. No. | Category | 2017 | | 2016 | |
|---------|----------------------|--------------------|--------------|---------------|--------------|
| | | No. of Shares | % of Holding | No. of Shares | % of Holding |
| 1 | Indian Promoters | 1,15,06,660 | 49.22 | 1,15,06,660 | 50.03 |
| 2 | Mutual Funds And UTI | 7,94,670 | 3.40 | 71,600 | 0.31 |

| | | | | | |
|---|------------------------------|--------------------|---------------|------------|--------|
| 3 | Financial Institutions/Banks | 26,950 | 0.12 | 36,207 | 0.16 |
| 4 | Insurance Companies | 11,21,532 | 4.80 | 11,21,532 | 4.88 |
| 5 | FII's | 17,44,180 | 7.46 | 21,69,289 | 9.43 |
| 6 | Bodies Corporate | 10,88,597 | 4.66 | 11,83,430 | 5.15 |
| 7 | Resident Individuals | 64,82,617 | 27.72 | 62,55,412 | 27.20 |
| 8 | NRIs | 6,11,704 | 2.62 | 6,37,345 | 2.77 |
| 9 | NBFC | 623 | 0.00 | 15,799 | 0.07 |
| | Total | 2,33,77,533 | 100.00 | 22,997,274 | 100.00 |

DEMATERIALISATION OF SHARES:

DETAILS OF SHARES HELD IN PHYSICAL & ELECTRONIC MODE

About 99.07 % of total equity share capital is held in dematerialised form with NSDL and CDSL as on March 31, 2017.

| Date | Status of Shares - Physical versus Electronic mode | | |
|----------------|--|-------------------------|-------------|
| | Physical | Electronic | Total |
| March 31, 2017 | 2,17,606 (0.93%) | 2,31,59,927 (99.07%) | 2,33,77,533 |
| March 31, 2016 | 2,20,168 (0.96%) | 2,27,77,106 (99.04%) | 2,29,97,274 |

13. SHAREHOLDERS WITH MORE THAN 1% SHAREHOLDING AS ON MARCH 31, 2017 (OTHER THAN PROMOTERS)

| Sr. No | Name of the shareholder | No. of shares | Shares as percentage of total no. of shares |
|--------|---|---------------|---|
| 1. | Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund | 10,00,000 | 4.28 |
| 2. | Life Insurance Corporation of India P & GS FUND | 5,89,781 | 2.52 |
| 3. | Life Insurance Corporation Of India | 5,18,435 | 2.22 |
| 4. | IDFC Classic Equity Fund | 3,61,188 | 1.55 |
| 5. | Maven India Fund | 3,00,000 | 1.28 |
| 6. | IDFC Tax Advantage (ELSS) Fund | 2,70,000 | 1.15 |

14. INFORMATION FOR SHAREHOLDERS ON THE WEBSITE:

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 are organized by M/s. Christensen Investor Relations (I) Private Limited. 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.

15. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

There are no outstanding GDRs/ADRs/warrants except the stock options granted to the employees/Directors of the Company and its subsidiaries. The options after vesting, when exercised, shall increase the equity share capital.

16. OFF-SHORE DEVELOPMENT CENTERS:

The Company has Off-Shore Software Development Centers at SEEPZ - Mumbai, Millennium Business Park - Mahape, Pune, Noida, Gurgaon and Chennai. The full address of the Company's centres / offices is available elsewhere in the Annual Report.

17. COMPLIANCE OFFICER OF THE COMPANY/ADDRESS FOR CORRESPONDENCE:

| | |
|----------------------------|---|
| Name | Dinesh Kalani, Company Secretary |
| Address for correspondence | Mastek Limited, #106, SDF-IV, SEEPZ, Andheri (East), Mumbai - 400 096 Phone No: + 91 22 6722 4200 Fax: +91 22 6695 1331 |
| E mail | investor_grievances@mastek.com |

18. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines and group risk management instructions.

Please refer notes to the Financial Statement in this regard.

19. INVESTOR INFORMATION

A. COMPANY OVERVIEW:

Mastek is a publicly held (NSE: MASTEK; BSE: 523704) leading IT player with global operations providing enterprise solutions to government, retail and financial services organizations worldwide. With its principal offshore delivery facility based at Mumbai, India, Mastek also operates in the UK and US regions. Incorporated in 1982, Mastek has been at the forefront of technology and has made significant investments in creating intellectual property, which along with proven methodologies and processes, increase IT value generation to its customers through onsite and offshore deliveries.

Mastek is having its operations in UK, US and India. The Company was promoted by Mr. Ashank Desai, Mr. Ketan Mehta and Mr. Radhakrishnan Sundar. Mr. Sudhakar Ram joined the Company as Promoter Director subsequently.

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.

B. 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 Financial Year 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 Financial Year 2000-01 till Financial Year 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 Financial Year 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 Financial Year 2013-2014 | 6,500 shares of ₹ 5/- each |
| Shares Bought Back & Extinguished from March 06, 2014 to March 25, 2014 | 24,84,007 shares of ₹ 5/- each |
| Issued under Employees Stock Options plan in Financial Year 2014-2015 | 3,85,992 shares of ₹ 5/- each |
| Issued under Employees Stock Options plan in Financial Year 2015-2016 | 4,50,602 shares of ₹ 5/- each |
| Issued under Employees Stock Options plan in Financial Year 2016-2017 | 3,80,259 shares of ₹ 5/- each |

C. THE COMPANY'S EQUITY SHARES ARE LISTED ON THE FOLLOWING STOCK EXCHANGES IN INDIA:

National Stock Exchange of India Limited and BSE Limited.

VIII. OTHER DISCLOSURES

1. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations 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.

There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under the note forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with Related Parties in ordinary course of business and on an arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval. As required under Regulation 23(1) of the Listing Regulation, the Company has formulated a policy on dealing with Related Party Transactions. None of the transactions with Related Parties were in conflict with the interest of the Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website viz <http://www.mastek.com/corporate-governance>.

2. Subsidiary Companies

The Company has a policy on Material Subsidiary and same is placed on the website of the Company at <http://www.mastek.com/corporate-governance>.

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 www.mastek.com.

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.

3. 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.

4. Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

5. Indian Accounting Standards (IND AS)

The Company is required to adopt "IND AS" with effect from April 01, 2017. The Company has substantially completed the assessment of the impact of the change to IND AS on reported reserves and surplus and on the reported profit for the relevant periods. The Company has also completed the modification of accounting and reporting systems to facilitate the changes. The implementation of IND AS is a major change process for which the Company is well positioned to ensure a seamless transition on the back of early completion of impact assessment.

6. Internal Control System

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 platform and has a strong monitoring and reporting process resulting in financial discipline and accountability.

7. Code of Conduct

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all senior employees. The Code has been posted on the Company's website <http://www.mastek.com/corporate-governance>.

The Code lays down the code 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 have confirmed about their compliance with the Code during the year.

8. 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. 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.

9. Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015 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 an e-mail to all Directors, Senior Management Personnel 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/corporate-governance>.

All Board Members and the designated employees have confirmed compliance with the Code.

IX. COMPLIANCES WITH CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS AS SPECIFIED IN SEBI (LODR) (LISTING REGULATIONS)

The Company is in compliance with all mandatory requirements as per Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulation. Generally, there were no instances of non-compliance on any matter related to the capital markets.

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.

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company.

Sudhakar Ram

Vice Chairman & Managing Director

Place: Mumbai

Date: April 20, 2017

X. MANAGEMENT DISCUSSION & ANALYSIS: This forms part of the Annual Report and annexed elsewhere in this Report.

XI. COMPLIANCE WITH NON-MANDATORY/ DISCRETIONARY REQUIREMENTS

Among the adoption of Non-Mandatory/Discretionary requirements as per Part E of Schedule II to the Listing Regulations, the Company has complied with the following:

1. **The Board** - The Chairman being a Non-Executive and Independent Director has his own office. However, an office is made available for his use, if required by him, during his visit to the Company for attending meetings.
2. **Shareholders Rights** - Quarterly results subjected to limited review by Statutory Auditors are generally published in the Free Press Journal, Navshakti and Financial Express (Gujarati) Ahmedabad having wide circulation. The quarterly unaudited results along with the press releases are made available on the website of the Company (www.mastek.com/financial-information). Other information relating to shareholding pattern, compliance with the requirements of corporate governance, etc. are posted on BSE/NSE website and on Mastek's website in the investors section. Separate Half yearly financial performance report, however, not been sent to each shareholder.
3. **Modified opinion(s) in Audit Report** - The Company's financial statement for the financial year 2016-17 does not contain any modified audit opinion.
4. **Separate posts of Chairman and CEO** - The position of Chairman and CEO is bifurcated in the Company. The Board is headed by an Independent non-Executive Chairman. Managing Director is another position.
5. **Reporting of Internal Auditor** - The Internal Auditor reports directly to the Audit Committee and attends the Audit Committee meetings and interacts directly with the Audit Committee members.

XII. MANAGING DIRECTOR / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Managing Director and the CFO have issued a certificate pursuant to the provisions of Listing Regulations 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.

XIII. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT.

As on March 31, 2017, there are no outstanding shares lying in the demat suspense account/unclaimed suspense account.

MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Mastek Limited ("the Company") to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief, we state that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present, a true and fair view of the Company's affairs and are in compliance with existing accounting standards, laws and regulations.
- 2) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.
- 3) We hereby declare that, all Board Members and Senior Managerial Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.
- 4) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 5) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - (a) significant changes, if any, in internal controls over financial reporting during the year;
 - (b) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faithfully,

Sudhakar Ram
Vice Chairman & Managing Director

Abhishek Singh
Chief Financial Officer

Place : Mumbai
Date : April 20, 2017

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Mastek Limited (the "Company")
804/805 President House, Opp. C. N. Vidyalaya,
Nr. Ambawadi Circle, Ahmedabad-380 006

I have examined the compliance of conditions of Corporate Governance by the Company, for the financial year ended March 31, 2017 as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the "Listing Regulation") as referred to in Regulation 15(2) of the Listing Regulations.

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 on the financial statements of the Company.

In my opinion, and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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.

Soumitra Mujumdar
Practising Company Secretary
Membership Number: 30938
Certificate of Practice: 12363

Place: Mumbai.
Date: April 20, 2017

About Mastek Foundation: -

Mastek Foundation is the CSR wing of the Company. Founded in 2002, the mission of Mastek Foundation is **Informed Giving, Responsible Receiving**. 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: **ENGAGE, BUILD AND GIVE**

ENGAGE:-

Mastek envisions engaging employees with the communities and also to encourage them to contribute to the society. This year has been quite active in terms of employee engagement. Here's a glimpse of the activities of the entire year:-

1. Inspired 2016 (Songs of Hope)

Annual fund-raising event – Asha Bhonsle hits - A salute to the songstress by Sanjeevani Bhelande.

This event helped raise ₹ 35,82,900 for drought-hit farmers in



Vidarbha and Marathwada. Maharashtra has witnessed a severe drought this year. In Marathwada districts itself, more than 1300 farmers have taken their lives for being unable to repay a debt of as little as ₹15,000. Mastek Foundation joined hands with Dilasa Sanstha, a nonprofit working closely with the farmers in Vidharbha and Marathwada region. Together, we organized Asha Bhonsle hits – A Salute to the Songstress, a fund-raising musical evening. Mastek Foundation raised ₹ 35,82,900. The story doesn't end here. Our employees, both offshore and onshore, contributed generously and took the total collection to ₹47,82,900. Dilasa Sanstha was able to reach out to almost 478 affected families in the area.

2. Blood donation Camp: -



Mastek Foundation every year organizes the blood donation camp for Thalassemia affected children in partnership with Think Foundation - a non-profit organization working in the area of Thalassemia. We are witnessing a steady growth of donors from our employees from the past two years. This year a total of 386 employees donated blood from Mahape, Seepz and Pune location.

Total units of Blood Collected: 386

@ Mahape Location: 311

@ Seepz Location: 31

@ Pune Location: 44

3. Blood Stem Cell Donation Registration:-



The Stem Cell Donation Registration was conducted in partnership with NGO Datri. Datri as an NGO works with patients suffering from major blood disorders like Thalassemia, Blood cancer and helps them find a right match for blood stem cell donation. More than 400 employees registered their names for stem cell donation.

4. Engaging to evaluate: -



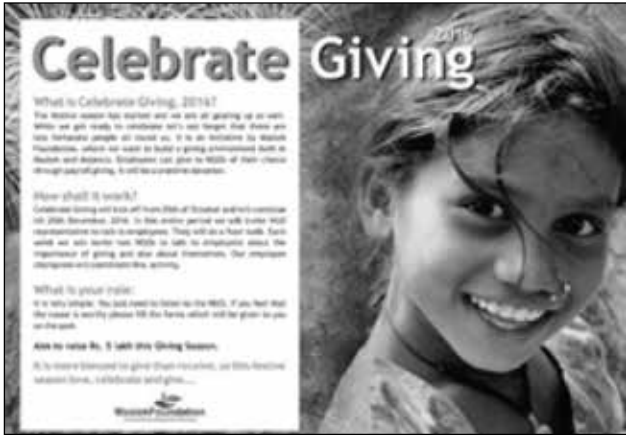
The Governing Council of **Mastek Foundation** is voluntary association of employees who come together and decides upon the activities, NGO partnership, and employee engagement activities of Mastek Foundation.

5. Providing marketplace for NGOs



NGOs where provided a marketplace in Mastek, Mahape premises on various occasion like Diwali, Raksha Bandhan. An average of 4 NGOs displayed their items for the employees on each occasions. The items they sold were handloom sarees, salwar suits, bags, jewellery, etc. One of our employees, Sunder Subramaniam, who is passionate about the cause of animal welfare, organized an Ahimsa (non-violence) Sale of non-leather products. These products looked similar to leather but they were actually made out of non-leather materials. The average sale of these products were more than ₹ 20,000/- per occasion.

6. Celebrate Giving:-



Mastek Foundation this year came up with a very unique way of engaging the employees with the community. As we celebrate Diwali, Christmas we wanted our employees also to celebrate their sharing and giving to the underprivileged. The initiative started from 25th October and continued till 25th December. During this period employees who acted as champions for each non- profits visited each office bay of the Mahape premises. The NGO directly addressed the crowd about their work and tried to mobilize fund. Four NGOs participated in this activity with Prasad Chikitsa who spoke about installing sanitary vending machine in girls' schools managed to mobilize almost ₹ 82,000/- in a couple of hours.

7. Supporting Dilasa Sanstha:-



In the year 2016 Maharashtra and the surrounding states were reeling under extreme drought conditions. In Maharashtra Viradharba and Marathwada districts were the worst affected in this drought. Farmer suicides were increasing day by day. It was reported that farmers committed suicide for unable to pay back as low as ₹ 15,000/- debt. Mastek Foundation being a global citizen partnered with Dilasa Sanstha which worked with the farmers of these two districts. Mastek Foundation supported the Project of Livelihood promotion for farmers. Here not only the farmers but also the widows of the deceased farmers were provided with alternative method of livelihood rather than only agriculture. For the entire financial year of 2016-17 Mastek Foundation has provided ₹ 71,49,850/- for livelihood promotion for farmers.

8. NGO visits:-

During several occasions like Ganesh Chaturthi, Diwali, Christmas employees had spent time with NGO children by having creative workshops like decoration for Ganesh Chaturthi, cultural performances for children etc.



9. Organizing Marathons:-



Mastek Foundation Run is the annual fund raising event organized by the Foundation team. MF Run 2016 was the fourth edition where more than 1000 runners participated. It was held near Central Park in Kharghar. Aarmabh was the non- profit partner for the event.



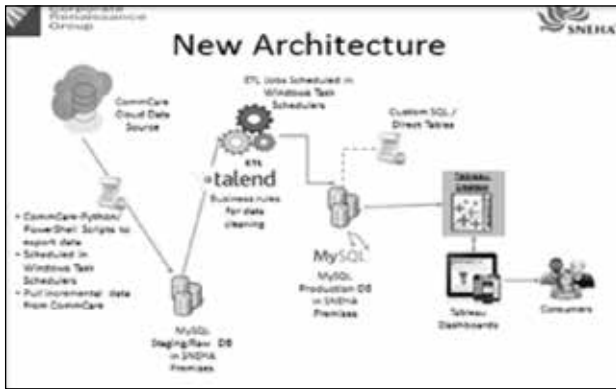
Our enthusiastic employees also participated in Standard Chartered Mumbai Marathon, 2017. Almost 250 employees participated both the Dream Run section and the Half Marathon section.

BUILD:-

Transforming NGOs through Information Technology:

This unique initiative of Mastek Foundation has affected numerous lives both direct and indirectly. The sole objective of this initiative is to build the IT infrastructure of non-profit organisations. The non-profit organisations which otherwise make a huge difference in the society by their innovative and committed actions get obstructed by their inability to build on state-of-art Information Technology. The major reasons for such obstruction are one, the inability to access the technology and two, lack of awareness. It might seem that NGOs have financial crunch but the actual scenario doesn't say so. If they lack in something then it is the perception and awareness. NGOs lack the foresight of the vast advantage IT is going to bring in their activity.

It is here the Mastek Foundation pitched in and made a huge difference to the following organisations:-



1. SNEHA:-

Sneha is a Mumbai based not for profit organisation. It primarily works in four large public health areas Maternal and Newborn Health, Child Health and Nutrition, Sexual and Reproductive Health and Prevention of Violence against Women and Children. Sneha is geographically spread out in entire city of Mumbai with different centres handling different geography. Sneha was lacking a centralized information management system which was causing a problem for the higher management to get access to data for decision making. This is where Mastek stepped in and helped Sneha to build a centralized information management system. In the last year Mastek has successfully completed implementation of Business Intelligence for 4 programs. The tools used for this were Tableau for BI & Talend for ETL process. This new system will enable SNEHA to easily access, analyze & visualize the data with help of meaningful & real time reports, dashboards and metrics. Improve data accuracy with help of exception reports for early identification of errors in data capturing stage itself.

Mastek is also in the process of implementing ERP system for Sneha.

2. WONDERWORK

WonderWork is a USA based charity organization that provides free eye surgeries to individuals in low-income countries that could otherwise not afford it. These surgeries are quick, inexpensive and lifesaving. WonderWork empowers local surgeons through free training, equipment and crucial financial support. This recipe has enabled their solution to be scalable and more sustainable than other solutions that ship doctors from high-income nations to an impoverished area for a limited period of time.

As a credible charity organisation WonderWork wanted to come up with a system of fraud detection among its partner organisation. This fraud detection system was for identifying duplicate patient data. Mastek actually developed EMR System (Electronics Medical Records Data Repository). This system will help Wonderwork to manage &

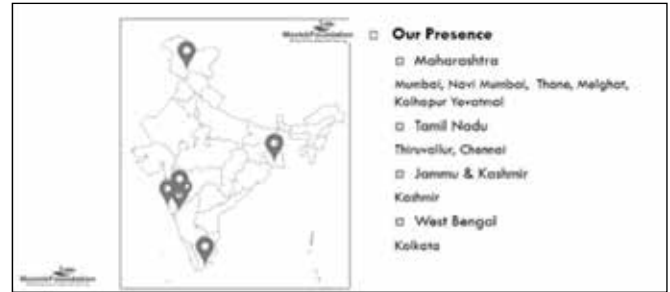
track the progress of the identified beneficiary. Generate reliable reports; quality reports & fraud reports, etc.



GIVE:-

Partnering with Non –profit organisation

Mastek Foundation had partnered with various non- profit organisations in the financial year 2016-17. The following map shows the geographical span of partnership of **Mastek Foundation**:-



During the tenure of financial 2016-17, **Mastek Foundation** had the chosen the following NGOs as its CSR partners under the respective causes:-



CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (Contd.)

1. Animal Welfare:-

- NGOs: - a. Thane SPCA
b. PAWS

Project:- Supporting surgeries and care of stray animals in the urban area of Thane and Dombivali.

2. Promoting Education:-

NGOs:-

- Touching Lives Welfare Trust
- Aarambh
- Vidyadaan Sahayyak Mandal
- Indian Association For Promotion Of Adoption And Child Welfare and
- Tagore Foundation School
- Aasara.



Project:-

Under promotion of education:

Mastek Foundation has supported various projects like supporting Balwadi centres, special classes for slum children, providing with educational aids, supporting girls' orphanage. Through these programmes Mastek Foundation is reaching out to more than 1000 school children and adolescents.

3. Promoting Health

NGOs:-

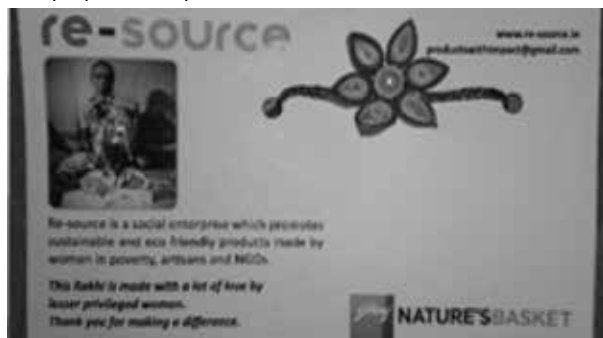
- Prasad Chikitsa
- Borderless World Foundation
- U- Respect
- Think Foundation
- Mahan Trust



Project:-

Under promotion of health projects:

Mastek Foundation extended its partnership were providing ambulance, providing complete health kits to tribal women, supporting hospital that is formed for the tribal people of Melghat, helping children with Thalassemia, family planning programmes for tribal people of Shahpur.



4. Women empowerment

NGO:-

Srujna Charitable Trust.

Project:-

Mastek Foundation supported the training needs of more than 500 Self Help Group women participants. Training were given on book keeping; computer operating, rakhi making,etc.



5. Vocational training for youths and special children

NGOs:-

- Help Youth Trust
- Sangopita - A Shelter For Care
- Helpers of the Handicapped
- Kherwadi Social Welfare Association

Project:-

Under the cause of vocational training:

Mastek Foundation supported projects like mobile repairing training for the ortho-disabled youths, providing necessary aids for physically differently abled children, supporting the shelter home built for the differently abled,etc.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (Contd.)



PROJECT DEEP BLUE SEASON 2:-

In 2015, Sudhakar Ram (Managing Director & Group CEO), Radhakrishnan Sundar (Executive Director) & Sanjay Mudnaney (Head Marketing, Customer engagement- BENOW), the movers & shakers of Mastek's leadership, discussed the possibilities of how they can make young students, the future leaders of tomorrow, participate in current innovations along with instilling the idea of change-making & deep thinking.

So, in the spirit of Mastek's values & ideas, Project Deep Blue was conceptualized as an opportunity for young technology students to create an impact on society, solve real-life problems & better the life of our fellow citizens.

After the grand success of Season 1, the launch of season 2 was a much awaited event for Mastek family. The season 2 was launched on 1st October, 2016 and the Grand Finale was conducted on 22nd January, 2017. This season the total number of teams participated were 55 from 9 different colleges of Mumbai. Out of 55 teams 5 teams were selected to the finals. Team from Saboo Siddik College of Engineering became the winner for season 2. They had addressed the problem of translating the speech to text through their innovative application development.

* * *

Mastek has recorded 88% retention rate in financial year 2016-17. This is a testament to the commitment of our employees despite changing landscapes like the de-merger and latest acquisition. Low attrition of 12% is an outcome of the employee engagement that the organization has through various programs listed below.

Employee engagement:

The institution celebrated the spirit of togetherness with employees and their families with the theme "**34 and loving it!**". The annual get-together, "**Run-Time**" took a new high with live singing by celebrity performer. The families soaked themselves in celebrations by indulging in the stalls for kids and instant photo booth. Employee talent were showcased through dance and dramatic performances with a performance by management team taking the center stage. This year was the maiden launch for UK "**Run-Time**" where employees across locations spent a day together. The day had an adrenalin high start with the cricket tournament followed by events for employees and children like Bungee Jumping, Quad Trekking, Rage Karting, Zip Wire and Diwali fireworks.

Throughout the year, the Fun and Joy after team encouraged informal gathering during festivities like Diwali, Navratri Dandiya, Christmas and Holi. Apart from this, activities based on themes resounding with the young generation, like Appreciation Week, Women's Day, New Year Welcome, Antakshari were received with enthusiasm.

Mastekeepers United, the in house sports team continues to maintain the tempo of the sports enthusiasts through its Football and badminton tournaments. Carrrom, Chess and Table tennis was for the indoor sports frenzies. The Mastek Premier League (MPL) encouraged men and women across age groups to contest in annual events like Volley Ball, Throw Ball, Box Cricket and Over Arm Cricket.

Performance Management and Recognition

This year the performance management process ran its second cycle where the star performer was elected by peer group. As a part of the performance management process, Mastek has promoted key performers on an annual and quarterly basis to those who have been instrumental in mission critical delivery.

In continuation with the **4.0** culture the reward and recognition program was decentralized and a participative approach was encouraged. Here Project Teams, Account and Project Leader Teams (APLT) and Centre of Excellence evaluate the deserving employees and teams who make significant contributions on a quarterly basis.

Compensation benefits and Operations

The average increment in the IT industry was at its rock bottom due to business cycles. Mastek provided a better than the industry average increments for individuals who contributed to ensure seamless delivery. Employees in roles that demand contribution to revenues were evaluated and performance based increments were provided to them.

Keeping abreast of technology shifts is key to our capability development program. Mastek continues to identify these key competencies and provide skill based incentives to those employees who invest in this direction.

This year the focus was on Long Term Retrieval Planning for Mastekeepers. National Pension Scheme was introduced to facilitate it.

As a part of promoting diversity and women in workforce the Maternity Leave was revised from 3 months to 6 months. Paternity Leave was also increased from 5 to 10 days. The policy on Prevention of Sexual Harassment was further strengthened via external certification of Core Complaint Committee at Mastek.

Learning and Development Journey at Mastek continues to be exciting with the active support of various practitioners and Centers of Excellence. Continuous inputs and recommendation from business and involvement of Mastekeepers in initiatives like "**You Decide Your Training Calendar**" enabled us offerings like Tableau, Mule ESB, Big Data, Python, MapR. A range of approaches including formal training, in-house seminars, knowledge sharing, on the job learning, conferences and workshops were organized towards building Technological, Behavioral and Process Skills. Mastek continues to strive for enchantment in its employees skills using such programme.

* * *

Sustainability Initiatives:-

Mastek has been a global citizen since its inception. Being a responsible corporate Mastek has always adhered to the social and environmental norms. This has been reflected in the Sustainability and Health and safety Policy. The policies are reviewed every year and updated as per the industry norms. Mastek aims to align its Sustainability initiatives as per the Sustainable Development Goals 17 or SDG 17.

Environment Management System: -

Mastek's facility at Mahape Navi Mumbai was certified for the implementation of ISO 14001:2004, an internationally recognized standard for Environment Management System in February 2014. We had successfully cleared the second surveillance audit conducted by Det Norsk Veritas (DNV) in December 2015. We are in process of implementing the upgraded version of ISO 14001:2015 and renew our certification.

Health & Safety: -

Mastek was also certified for the implementation of OHSAS 18001:2007, an internationally recognized standard for Occupational Health and Safety Management System in February 2014. Along with the audit for ISO 14001, the second surveillance audit was also conducted for OHSAS 18001 by DNV in December 2015, which was cleared successfully. We are in process of renewing of OHSAS 18001 certifications for 2017-18.

Reduction in Power Consumption: -

Mastek has taken various initiatives to achieve highest energy efficiency & reduce the energy consumption through implementation of LED lights, with low voltage and higher efficiency, monitoring electricity wastages, improving power factors etc. In FY' 16-17, Mastek was able to save 15% of electricity at its Mahape facility through these initiatives and are in the process of extending the same to all their facilities.

Sustainability Reporting: -

Mastek is in the process of preparing its Sustainability Report as per GRI G4 norms. Currently it has completed the gap analysis of the same. Mastek will shortly come up with the Sustainability Reporting.

* * *

NOTES

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

MASTEK LIMITED

Regd. Office: 804/805, President House, Opp. C. N. Vidyalaya, Near Ambawadi Circle, Ambawadi, Ahmedabad - 380 006;

CIN: L74140GJI982PLC005215; **Website:** www.mastek.com;

Phone: +91-79-2656-4337; **Fax:** +91-22-6695 1331; **E mail:** investor_grievances@mastek.com

| | |
|------------------------|--|
| Name of the member (s) | |
| Registered Address | |
| E-mail id | |
| Folio/DP ID-Client ID | |

I / We being the members(s) holding shares of Mastek Limited hereby appoint:

- Name:.....
Address:.....
E-mail id:..... Signature:..... Or failing him;
- Name:.....
Address:.....
E-mail id:..... Signature:..... Or failing him;
- Name:.....
Address:.....
E-mail id:..... Signature:.....

as my / our Proxy to attend and vote for me / us and on my / our behalf at the 35th Annual General Meeting of the Company to be held on **Thursday, June 22, 2017 at 11.00 a.m** at Ahmedabad Management Association Hall, H.T. Parekh Hall, AMA Complex, ATRA. Dr. Vikram Sarabhai Marg, Ahmedabad 380015 and/or at any adjournment(s) thereof in respect of the resolutions as are indicated below:

| Resolution No. | Resolutions | Vote/s given | |
|----------------|--|--------------|---------|
| | | For | Against |
| | Ordinary Business: | | |
| 1. | Adoption of Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2017 together with reports of the Board of Directors and the Auditors' thereon. | | |
| 2. | To confirm the payment of Interim Dividend of ₹ 1 per Equity Share and declare a Final Dividend of ₹ 2.5 per Equity Share (Face Value of ₹ 5/- each) for the financial year 2016-17. | | |
| 3. | Re-Appointment of Mr. Sudhakar Ram (DIN 00101473), who retires by rotation and being eligible, offers himself for re-appointment. | | |
| 4. | To consider the appointment of M/s. Walker Chandik & Co. LLP , Chartered Accountants (Firm Registration No. 001076N/N500013), as Statutory Auditors of the Company for a term of five years in place of M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors and to fix their remuneration. | | |
| | Special Business: Ordinary Resolution | | |
| 5. | Appointment of Mr. Keith Selwyn Bogg (DIN: 07658511) as Independent Director of the Company. | | |
| | Special Business: Special Resolution | | |
| 6. | To consider re-appointment of Mr. Sudhakar Ram as Vice- Chairman & Managing Director of the Company for a period of 3 years from July 01, 2017 up to June 30, 2020 and remuneration to be paid to him. | | |
| 7. | To authorize the Board for giving loans and guarantees and make investment in securities. | | |
| 8. | To authorize the Board for Creation of Charge/Mortgage on the Assets of the Company, both present and future. | | |
| 9. | To authorize the Board for borrowings to be made by the Company. | | |

Signed this..... day of..... 2017

Signature of shareholder..... Signature of Proxy Holder(s).....

Notes:

- This form in order to be effective should be duly completed 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 35th 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.

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Fax :+1 972-315-0333

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Global presence

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