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Independent Auditor's Report

To Board of Directors of Mastek, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Mastek, Inc.** ('the Holding Company') and its subsidiaries referred in Annexure 1 (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Statement of Financial Position as at **31 March 2021**, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements ('the financial statements') give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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



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

Key audit matter	How our audit addressed the key audit matter
<p>(i) Carrying value of Goodwill on Business Combination:</p> <p>(Refer note 3(c) to the accompanying consolidated financial statements)</p> <p>As at 31 March 2021, the Group's assets include goodwill aggregating to \$ 13,262 thousand on account of acquisition of Taistech US group. The Group has performed annual impairment test for the goodwill as per the applicable accounting standard IFRS 36, Impairment of Assets.</p> <p>The determination of the recoverable value requires management to make certain key estimates and assumptions including forecast of future cash flows, long-term growth rates, including the impact of COVID 19, profitability levels and discount rates. Changes in these assumptions could lead to an impairment to the carrying value of the goodwill.</p> <p>Considering goodwill balance is significant to the consolidated financial statements and auditing management judgement and estimates as stated above involves high degree of subjectivity and requires significant auditor judgement, assessment of carrying value of goodwill is considered as a key audit matter for the current year audit.</p>	<p>Our responses: -</p> <ul style="list-style-type: none">• Assessed the reasonability of the assumptions used by the management for cash flow forecasts and verified the historical trend of business to evaluate the past performance for consistency including the possible impact of COVID 19.• Obtained the management's external valuation specialist's report on determination of recoverable amount and also assessed the competence and objectivity of the management expert.• Involved our auditor's experts to assess the valuation assumptions used and methodology considered by the management's expert to calculate the recoverable amount and the mathematical accuracy of these calculations.• Performed the sensitivity analysis on the key assumptions to evaluate the possible variation on the current recoverable amount to ascertain the sufficiency of headroom available.• Evaluated the appropriateness and adequacy of disclosures given in the consolidated financial statements, including disclosure of significant assumptions and judgements used by management, in accordance with applicable accounting standards.



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<p>(ii) Revenue from contracts with customers</p> <p>(Refer notes 2 e (xii) and 13 to the accompanying consolidated financial statements)</p> <p>Revenue is recognised basis the terms of each contract with customers wherein certain commercial arrangements involve complexity and significant judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation and the appropriateness of basis used to measure revenue recognized over the time period is applied in selecting the accounting basis in each case.</p> <p>We identified revenue of the Group as a key audit matter in the audit of consolidated financial statements of current year because of the significant judgement/ estimates used in accounting of revenue contracts.</p>	<p>Our responses: -</p> <p>Our audit procedures relating to revenue recognition included, but were not limited to the following:</p> <ul style="list-style-type: none">• Evaluated the design of internal controls relating to the revenue recognition.• Selected samples from all streams of contracts and performed detailed analysis on recognition of revenue as per the requirement of IFRS 15, Revenue from contracts with customers which involved testing of inputs to revenue recognition including estimates used.• Evaluated appropriateness and adequacy of disclosures made in the consolidated financial statements with respect to revenue in accordance with the requirements of applicable accounting standards.
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Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. Management is responsible for the other information. Other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management for the Consolidated Financial Statements

7. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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Independent Auditor's Report on the Audit of the Consolidated Financial Statements

9. Board of Directors are responsible for overseeing the Company's financial reporting process.

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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



Adi P. Sethna
Partner
Membership No:108840

UDIN:21108840AAAAGQ3697

Place: Mumbai
Date: 04 October 2021

Mastek, Inc.
Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Annexure 1

List of Subsidiaries

1. Trans American Information Systems Inc.
2. Taistech LLC (Merged with Trans American Information Systems Inc. with effect from 31 December 2019)
3. Mastek Digital Inc. (Incorporated on 30 April 2020)



MASTEK, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

(\$ in '000)

	Note	As at	
		March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment, net	3(a)(i)	26	42
Right-of-use assets	3(b)	136	403
Goodwill	3(c)	13,262	13,262
Other intangible assets, net	3(a)(ii)	2,568	2,855
Other assets	4	-	29
Total non-current assets		15,992	16,591
Current assets			
Trade receivables	5	3,847	6,429
Cash and cash equivalents	6	4,602	2,677
Other current assets	7	1,671	288
Total current assets		10,120	9,394
Total Assets		26,112	25,985
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	21,350	21,350
Other equity	9	(943)	(966)
Total Equity		20,407	20,384
LIABILITIES			
Non-current liabilities			
Lease liabilities	27	-	272
Deferred tax liabilities, net	20(c)	478	323
Total non-current liabilities		478	595
Current liabilities			
Borrowings	10	2,000	2,000
Trade and other payables		1,105	1,092
Lease liabilities	27	146	146
Other current liabilities	11	1,541	1,186
Provisions	12	284	465
Current tax liabilities		151	117
Total current liabilities		5,227	5,006
Total Liabilities		5,705	5,601
Total Equity and Liabilities		26,112	25,985

See accompanying notes to the consolidated financial statements



MASTEK, INC.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
(\$ in '000, except per share data)

	Note	Year ended	
		March 31, 2021	March 31, 2020
Revenue from operations	13	24,759	32,290
Employee benefits expenses	14	(15,450)	(18,798)
Depreciation and amortisation expenses	15	(593)	(717)
Other expenses	16	(8,436)	(11,823)
Operating profit		280	952
Other income		49	5
Finance costs	17	(28)	(95)
Contingent consideration written back		-	273
Provision for doubtful debts		-	(1,736)
Profit/ (loss) before tax		301	(601)
Tax expense / (credit)			
Current tax		122	117
Deferred tax		155	(223)
Total tax (credit) / expense	19(a)	277	(106)
Profit/ (loss) after tax for the year		24	(495)
Total comprehensive Income/ (loss) for the year		24	(495)
Earnings/ (loss) per equity share	18		
(Equity shares of par value March 31, 2021 : \$ 100 each, March 31,2020 : \$ 100 each)			
Basic and Diluted		\$ 0.11	\$ (2.32)

See accompanying notes to the consolidated financial statements



MASTEK, INC.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(\$ in '000)

	Year ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities		
Profit/ (Loss) for the year	24	(495)
Adjustments:		
Contingent consideration written back	-	(273)
Employee stock compensation expenses	112	50
Provision for doubtful debts and loans and advances, net	(384)	1,736
Foreign currency translation reserve	(1)	-
Finance costs	12	60
Finance cost due to IFRS 16 adjustment	16	35
Depreciation and amortisation	593	717
Tax expense / (credit)	277	(106)
Changes in operating assets and liabilities	649	1,724
Decrease / (Increase) in trade and other receivables	2,965	(676)
(Increase) / Decrease in other assets	(1,354)	1,230
Increase / (Decrease) in trade and other payables, other liabilities and provisions	181	(484)
Cash generated from operating activities before taxes	2,442	1,794
Income taxes refunds / (paid), net	(88)	-
Net cash generated from operating activities	2,354	1,794
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(23)	(39)
Earnout payments on account of business combination	-	(2,213)
Net cash used in investing activities	(23)	(2,252)
Cash flows from financing activities		
Proceeds from working capital loan	-	2,000
Payment of lease liabilities	(390)	(390)
Finance costs paid	(16)	(10)
Net cash (used in)/ generated from financing activities	(406)	1,600
Net increase in cash and cash equivalents during the year	1,924	1,142
Cash and cash equivalents at the beginning of the year	2,677	1,535
Cash and cash equivalents at the end of the year	4,602	2,677

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



MASTEK, INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(\$ in '000)

Particulars	Share capital	Other equity		Total equity
		Retained earnings	Other component of equity (FCTR)	
Balance as at April 1, 2019	21,350	(499)	-	20,851
ESOP Adjustments*	-	28	-	28
Profit for the year	-	(495)	-	(495)
Balance as at March 31, 2020	21,350	(966)	-	20,384
Balance as at April 1, 2020	21,350	(966)	-	20,384
ESOP Adjustments*	-	-	-	-
Foreign currency translation movement during the year	-	-	(1)	(1)
Profit for the year	-	24	-	24
Balance as at March 31, 2021	21,350	(942)	(1)	20,407

*ESOP adjustments reflect vested stock options issued by ultimate holding company Mastek Limited, that have lapsed during the year.

See accompanying notes to the consolidated financial statements



MASTEK, INC.**Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021**

(\$ in '000, unless otherwise stated)

1 Company Overview

Mastek, Inc. (formerly known as Digility, Inc.) ("the Company") was incorporated on November 17, 2015 in Delaware, USA and its subsidiaries (collectively referred to as "the Group") are providers of vertically-focused enterprise technology solutions in North American markets.

The details of Holding Company including Ultimate Holding Company are:

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2021	% of voting power held as at March 31, 2020
Mastek UK, Holding Company	UK	100%	100%
Mastek Limited, Ultimate Holding Company	India	100%	100%

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, 2021	% of voting power held as at March 31, 2020
Trans American Information Systems Inc. @	USA	100%	100%
Taistech LLC @ (Merged with Trans American Information Systems Inc.)*	USA	100%	100%
Mastek Digital Inc.	Canada	100%	-

@ Acquired with effect from December 23, 2016

* Merged with effect from December 31, 2019

2 Basis of Preparation**a. Statement of Compliance**

These Consolidated Financial Statements below (also referred to as "the financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

They have been prepared under the assumption that the Company operates on a going concern basis.

These financial statements correspond to the classification provisions contained in IAS 1 (revised), "Presentation of Financial Statements". Accounting policies have been applied consistently to all periods presented in these financial statements except where a remission to an existing accounting standard required a change in the accounting policy hereto in use. The financial statements comprise the Statement of Financial Position as of March 31, 2021 with comparative Statement of Financial Position as on March 31, 2020; the Statement of Profit and loss and other Comprehensive Loss; the Statement of Changes in Equity; and the Statement of Cash Flows for the years ended March 31, 2021 with comparatives for the year ended March 31, 2020.

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted have not been listed / disclosed below as they are not expected to have a material impact on the Company's financial statements.

All amounts included in the consolidated financial statements are reported by rounding off to the nearest thousands in US dollar (in \$) except share and per share data which are reported (in \$) unless otherwise stated and "0" denotes amount less than one thousand US dollar.

b. Basis of Preparation

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

- i. Share based payment transactions and
- ii. Contingent Consideration

c. Use of estimate and judgement

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



MASTEK, INC.

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021

(\$ in '000, unless otherwise stated)

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

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

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

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

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

vi) *Deferred taxes:* Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

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

(viii) *Leases:* Determining the lease term of contracts with renewal and termination options – Company as lessee
IFRS 16 requires the lessee to determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company has taken indicative rates from its bankers and used them for IFRS 16 calculation purposes.



MASTEK, INC.

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021

(\$ in '000, unless otherwise stated)

ix) *Estimation uncertainties relating to the Pandemic - COVID -19:* The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, intangibles and goodwill. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports, related information and economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

d. Basis of Consolidation

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

The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

e. Summary of Significant accounting policies

(i) Functional and Presentation Currency

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

(ii) Financial instruments

A. Initial Recognition and Measurement

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

B. Subsequent Measurement

a. Financial Assets Carried at Amortised Cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

d. Financial Liabilities

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



MASTEK, INC.**Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021**

(\$ in '000, unless otherwise stated)

C. Derecognition of Financial Instruments

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

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

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

(iii) Goodwill

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

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

(iv) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Category	Useful Life
Computers	2 years
Furniture and fixtures	5 years
Office Equipment	5 years
Leasehold Improvements	5 - 10 years or the primary period of lease whichever is less

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

(v) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.

The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated.

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

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

Category	Useful Life
Computer Software	1 - 5 years
Customer Contracts	1 Year
Customer Relationships	10 - 15 Years



MASTEK, INC.

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021

(\$ in '000, unless otherwise stated)

(vi) Leases

As a lessee

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

a. Right of use assets

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

b. Lease liabilities

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

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

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

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

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

The Group does not have any leases as a lessor.

(vii) Impairment of assets

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

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

(viii) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board.

Obligations for contributions to 401(k) plan are recognised as an employee benefit expense in profit or loss as incurred.



MASTEK, INC.

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021

(\$ in '000, unless otherwise stated)

(ix) Other short-term benefits

The employees of the Group are also entitled for other short-term benefits in the form of compensated absences. Group's liability towards compensated absences is determined as per the local laws on a full liability basis for the entire un-availed vacation balances standing to the credit of each employee as at the year end.

(x) Share-based payments

The ultimate holding company determines the compensation cost based on the fair value method. The ultimate holding company grants options which will be vested in a graded manner and are to be exercised within a specified period. The compensation cost is amortised on graded basis over the vesting period. The share based compensation expense is determined based on the Ultimate Holding Company's estimate of equity instruments that will eventually vest.

(xi) Provisions & 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 recognised as a separate asset, only when such reimbursement is virtually certain.

(xii) Revenue Recognition

The Group derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The Group recognises revenue over time of period of contract on transfer of control of deliverables (solutions and services) to its customers in an amount reflecting the consideration to which the Group expects to be entitled. To recognise revenues, Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

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

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

Multiple element arrangements-

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

IT support and maintenance-

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

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



MASTEK, INC.

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2021

(\$ in '000, unless otherwise stated)

Contracts may include incentives, service level penalties and rewards. The Group includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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

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

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

Cost to fulfil the contracts- Recurring operating costs for contracts with customers are recognised as incurred. Revenue recognition excludes any government taxes but includes reimbursement of out of pocket expenses.

The Group has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimated costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service-level agreements, and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

(xiii) Income Tax

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws applicable to the reporting period and for deferred tax with tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

(xiv) Finance expenses

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

(xv) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

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

(xvi) Cash and cash equivalents

Cash and cash equivalents include cash in hand and balance with current bank accounts.

Changes in accounting policies and disclosure

New and amended standards

The International Accounting Standards Board ("IASB") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

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MASTEK, INC.
Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000, unless otherwise stated)

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

	Gross Carrying Value (at cost)				Depreciation / Amortisation			Net Carrying Value		
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	For the year	Deletions	As at March 31, 2021	As at March 31, 2020	
Computers	290	9	(78)	221	277	12	(78)	211	10	13
Furniture and fixtures	1	-	-	1	1	-	-	1	-	-
Office equipment	28	-	-	28	15	5	-	20	8	13
Leasehold improvements	40	-	-	40	24	8	-	32	8	16
Total	359	9	(78)	290	317	25	(78)	264	26	42

3(a)(ii) Other intangible assets

	Gross Carrying Value (at cost)				Amortisation			Net Carrying Value		
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	For the year	Deletions	As at March 31, 2021	As at March 31, 2020	
Computer software	89	14	(65)	38	69	24	(65)	28	10	20
Customer contracts	860	-	-	860	860	-	-	860	-	-
Customer relationships	3,740	-	-	3,740	905	277	-	1,182	2,558	2,835
Total	4,689	14	(65)	4,638	1,834	301	(65)	2,070	2,568	2,855

3(b) Right-of-use assets

	Gross Carrying Value (at cost)				Depreciation / Amortisation			Net Carrying Value		
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	For the year	Deletions	As at March 31, 2021	As at March 31, 2020	
Building	773	-	-	773	370	267	-	637	136	403
Total	773	-	-	773	370	267	-	637	136	403

For previous year ended March 31, 2020

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

	Gross Carrying Value (at cost)				Depreciation / Amortisation			Net Carrying Value		
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	Deletions	As at March 31, 2020	As at March 31, 2019	
Computers	278	12	-	290	227	50	-	277	13	51
Furniture and fixtures	1	-	-	1	1	-	-	1	-	-
Office equipment	28	-	-	28	10	5	-	15	13	18
Leasehold improvements	40	-	-	40	15	9	-	24	16	25
Total	347	12	-	359	253	64	-	317	42	94



MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000, unless otherwise stated)

3(a)(ii) Other intangible assets

	Gross Carrying Value (at cost)				Amortisation				Net Carrying Value	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer software	62	27	-	89	62	7	-	69	20	-
Customer contracts	860	-	-	860	860	-	-	860	-	-
Customer relationships	3,740	-	-	3,740	629	276	-	905	2,835	3,111
Total	4,662	27	-	4,689	1,551	283	-	1,834	2,855	3,111

3(b) Right-of-use assets

	As at April 1, 2019				Depreciation / Amortisation				Net Carrying Value	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	-	773	-	773	-	370	-	370	403	-
	-	773	-	773	-	370	-	370	403	-

3(c) Goodwill

	As at	
	March 31, 2021	March 31, 2020
Gross carrying amount		
Balance as at beginning of the year	13,262	13,262
Impairment	-	-
Balance as at the end of the year	13,262	13,262

Impairment

Goodwill having a carrying value of \$ 13,262 on Taistech US Group has been allocated to the Mastek US business (CGU). The estimated value-in-use of this CGU, is based on the present value of the future cash flows using a 3% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 11.70%. An analysis of the sensitivity of the computation to a change in key parameters (Growth rate and discount rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

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MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021
(All amounts in \$ '000 , unless otherwise stated)

		As at	
		March 31, 2021	March 31, 2020
Non-current assets			
4 Other assets			
Security deposits	-	-	29
			29

		As at	
		March 31, 2021	March 31, 2020
Current assets			
5 Trade receivables			
Trade receivables, gross	5,231		8,314
Less: Allowance for credit losses	(1,384)		(1,885)
	3,847		6,429

		As at	
		March 31, 2021	March 31, 2020
6 Cash and cash equivalents			
Bank balances			
In current accounts	4,602		2,677
	4,602		2,677

		As at	
		March 31, 2021	March 31, 2020
7 Other current assets			
Prepaid expenses	32		34
Security deposits	230		-
Unbilled revenue	1,403		210
Advances to suppliers	-		21
Reimbursable expenses receivable	6		23
	1,671		288

		As at	
		March 31, 2021	March 31, 2020
8 Equity share capital			
Authorised:			
1,000,000 (March 31, 2020: 1,000,000 of \$ 100 each) equity shares of \$ 100 each	1,00,000		1,00,000
	1,00,000		1,00,000
Issued, subscribed and fully paid up :			
213,500 (March 31, 2020: 213,500 of \$ 100 each) equity shares of \$ 100 each fully paid	21,350		21,350
	21,350		21,350

The Company has one class of equity shares having a par value of \$ 100 per share. Each shareholder is eligible for one vote per share held. 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.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Balance as at beginning of the year	2,13,500	21,350	2,13,500	21,350
Add : Shares issued during the year	-	-	-	-
Balance as at the end of the year	2,13,500	21,350	2,13,500	21,350

		As at	
		March 31, 2021	March 31, 2020
9 Other equity			
a) Retained earnings	(942)		(966)
(comprises of the prior year's undistributed earning after taxes)			
b) Foreign currency translation reserve	(1)		-
	(943)		(966)

Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Current liabilities

		As at	
		March 31, 2021	March 31, 2020
10 Borrowings			
Loan from related party, interest free and repayable on demand (Refer note 20)	2,000		2,000
	2,000		2,000



MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021
(All amounts in \$ '000, unless otherwise stated)

	As at	
	March 31, 2021	March 31, 2020
11 Other current liabilities		
Statutory dues	66	73
Other payables		
Employee benefits payable	657	346
Accrued expenses	811	767
Unearned revenue	7	-
	1,541	1,186
12 Provisions		
Provision for employee benefits		
Provision for compensated absences	284	465
	284	465
13 Revenue from operations		
Information technology services	24,714	32,200
Other operating revenue		
Reimbursement of expenses from customers	45	90
	24,759	32,290
14 Employee benefits expenses		
Salaries, wages and performance incentives	14,848	18,054
Employee stock compensation expenses	112	50
Staff welfare expenses	490	694
	15,450	18,798
15 Depreciation and amortisation expenses		
Property, plant and equipment	25	64
Right-of-use assets	267	370
Intangible assets	301	283
	593	717
16 Other expenses		
Recruitment and training expenses	33	125
Travelling and conveyance	252	1,173
Communication charges	60	80
Consultancy and sub-contracting charges	6,804	8,984
Rates and taxes	-	190
Repairs : buildings	110	3
Repairs : others	115	120
Insurance	206	92
Printing and stationery	2	31
Professional fees	884	505
Rent (Refer note 27)	126	166
Advertisement and publicity	86	332
Donation	3	6
Provision for doubtful debts and loans and advances, net	(384)	-
Net loss on foreign currency transactions and translation	10	1
Hire charges	-	1
Electricity	11	(0)
Miscellaneous expenses	118	14
	8,436	11,823
17 Finance costs		
Interest on lease liabilities		
Operating lease (Refer note 27)	16	35
Bank charges	12	10
Other finance charges*	-	50
	28	95

*This includes interest on fair value of contingent consideration.



MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021
 (All amounts in \$ '000 , unless otherwise stated)

18 Earnings / (Loss) Per Share (EPS)

The components of basic and diluted loss per share for total operations are as follows:

- (a) Net profit/ (loss) attributable to equity shareholders
- (b) Weighted average number of outstanding equity shares
 Considered for basic and diluted EPS (Refer note 8)
- (c) Earning/(Loss) per share (net of taxes) in \$
 Basic and Diluted
 (Face value per share March 31, 2021 : \$ 100 each, March 31, 2020 : \$ 100 each)

		For the year ended	
		March 31, 2021	March 31, 2020
		24	(495)
		2,13,500	2,13,500
\$		0.11	\$ (2.32)

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MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000 , unless otherwise stated)

19 Income taxes

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

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Current tax	122	117
Deferred tax	155	(223)
Total tax expense/ (credit) (net) recognised in the statement of profit or loss	277	(106)

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

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Profit/ (Loss) before tax	301	(601)
Enacted income tax rate in US	21%	21%
Computed expected tax expense	63	(126)
Effect of:		
State taxes for the year	120	
Loss on which deferred tax credit not taken	94	20
Total income tax expense/ (credit) recognised in the statement of profit and loss	277	(106)

c) **Deferred tax (liabilities)/ assets in relation to:**

Particulars	As at March 31,	As at March 31,
	2021	2020
Property, plant and equipment	(7)	2
Intangible assets	(850)	(690)
Others liabilities	379	365
Total	(478)	(323)

20 Related Party Disclosures (Relationships have been disclosed to the extent transactions have taken place and for relationships of control)

Enterprises with control relationships: Mastek Limited, Ultimate Holding Company
Mastek UK Limited, Holding Company
Trans American Information Systems Private Limited, Fellow Subsidiary Company
Evolutionary Systems pty Ltd, Fellow Subsidiary Company
Evolutionary Systems Corp., Fellow Subsidiary Company

Key Management Personnel (KMP): Atul Kanagat, Chairman
John Owen, Director (Upto January 18, 2021)
Raman Sapra, President

i) **Transactions with key management personnel**

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Salaries and other employee benefits	365	309
Share based payment transactions	-	-
Total compensation paid to key management personnel	365	309

ii) **Transactions with related parties during the year were:**

Nature of transactions	For the year ended	
	March 31, 2021	March 31, 2020
Employee stock compensation expenses	112	50
Consultancy and sub-contracting charges	1,440	843
Other reimbursable expenses charged	34	40
Other reimbursable expenses charged	44	75
Loan taken	-	2,000
Consultancy and sub-contracting charges	4,268	5,546
Income from Technology Services	99	-
Consultancy and sub-contracting charges	110	-
Other reimbursable expenses recovered	4	-

iii) **Balances outstanding are as follows:**

Nature of balances	For the year ended		
	March 31, 2021	March 31, 2020	
Trade receivables	Evolutionary Systems pty Ltd	99	-
Trade and other payables	Evolutionary Systems Corp.	106	-
Trade and other payables		333	153
Trade and other payables		722	675
Trade receivables		1	8
Loan		2,000	2,000



MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000 , unless otherwise stated)

21 Segment reporting

The Group has only one reportable segment which is Software Development. Accordingly, the figures appearing in these consolidated financial statements relate solely to that business segment. Non-current assets other than financial instrument, deferred tax asset and employee benefits have not been identified to any of the geography as they are used interchangeably between geographies. Accordingly disclosures relating to total segment assets and liabilities are not practicable.

22 Financial instrument

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets				
Amortised cost				
Other non-current assets	-	29	-	29
Trade receivables, net	3,847	6,429	3,847	6,429
Cash and cash equivalents	4,602	2,677	4,602	2,677
Other current assets	235	23	235	23
Total assets	8,684	9,158	8,684	9,158
Financial liabilities				
Amortised cost				
Borrowings	2,000	2,000	2,000	2,000
Trade and other payables	1,105	1,092	1,105	1,092
Lease liabilities	146	418	146	418
Other liabilities	1,468	1,113	1,468	1,113
Total liabilities	4,720	4,623	4,720	4,623

23 Financial Risk Management

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

Market Risk: Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices.

Credit Risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment and accordingly, the Group accounts for the expected credit loss. Only one customer who contributes for more than 10% of outstanding total accounts receivables aggregating to 31.53% as at March 31, 2021 (10%, March 31, 2020).

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

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Revenue from Top Customer	16%	14%
Revenue from Top 5 Customers	44%	38%

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilized credit limits with banks. The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Group's net liquidity position through rolling forecast on the basis of expected cash flows.

The liquidity position of the Group is given Below

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Cash and cash equivalents	4,602	2,677
Total	4,602	2,677



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Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000 , unless otherwise stated)

The table below provides details regarding the contractual maturities of significant liabilities as at March 31, 2021 and March 31, 2020:

Particulars	As at March 31, 2021	
	Less than 1 Year	1 Year and above
Borrowings	2,000	-
Trade and other payables	1,105	-
Lease liabilities	146	-
Other liabilities	1,468	-

Particulars	As at March 31, 2020	
	Less than 1 Year	1 Year and above
Borrowings	2,000	-
Trade and other payables	1,092	-
Lease liabilities	146	272
Other liabilities	1,113	-

24 Capital Management

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

Particulars	As At	
	March 31, 2021	March 31, 2020
Total Equity attributable to the Equity Share Holders of Group	20,407	20,384
Equity capital as a percentage of total capital	91%	91%
Current loans and borrowings	2,000	2,000
Total loans and borrowings	2,000	2,000
Borrowings as a percentage of total capital	9%	9%
Total capital (Loans, borrowings and equity)	22,407	22,384

25 Leases**Company as lessee**

The Group's leased assets primarily consist of leases for office premises, guest houses, laptops, lease lines, furniture and equipment. Leases of office premises and guest houses generally have lease term between 2 to 46 years. The Group has applied low value exemption for leases of laptops, leased lines, furniture and equipment and accordingly are excluded from IFRS 16.

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

ii) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
As at April 1, 2020	418	-
Additions/deletion	-	773
Finance expenses	16	35
Payments	(390)	(390)
As at March 31, 2021	146	418
Current	146	146
Non-current	-	272

Maturity analysis of lease liability :

The contractual maturity analysis of lease liabilities (includes amount not falling under IFRS 16) are disclosed herein on an undiscounted basis-

Particulars	As at March 31, 2021
Less than one year	146
More than one year to five year	-
More than five years	-
Total	146

The average effective interest rate for lease liabilities is 6%

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

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	267	370
Finance expense on lease liabilities	16	35
Expense relating to short-term leases (included in other expenses)	126	166
Total amount recognised in the statement of profit and loss	409	571



MASTEK, INC.

Notes to the Consolidated Financial Statements for year ended March 31, 2021

(All amounts in \$ '000 , unless otherwise stated)

The Company had total cash outflows for leases of \$ 414 in FY 2020-21 (\$ 550 in FY 2019-20).

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

26 Impact of COVID-19

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

27 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between March 31, 2021 and the date of authorization of financial statements.

28 Authorization of Financial Statements

These financial statements for the year ended March 31, 2021 (including comparatives) were approved by the Board of Directors and authorised for issue on October 04, 2020.

For and on behalf of Board of Directors of Mastek Inc.



Atul Kanagat

Atul Kanagat
Chairman

Raman Sapra

Raman Sapra
President