

Mastek Arabia FZ-LLC

Financial statements

For The Year Ended March 31, 2023

Mastek Arabia FZ-LLC
Financial statements
For The Year Ended March 31, 2023

Contents

Director's report	1
Independent Auditor's Report	2-4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 27

Mastek Arabia FZ-LLC**Financial statements****STATEMENT OF FINANCIAL POSITION**

As At March 31, 2023

		March 31, 2023	March 31, 2022
	Notes	AED	AED
ASSETS			
Non-current			
Property and equipment	6	2,56,925	2,55,497
Intangible asset	7	16,83,88,521	16,83,88,521
Investment in subsidiaries	8	4,21,01,023	4,21,01,034
		<u>21,07,46,469</u>	<u>21,07,45,052</u>
Current			
Trade and other receivables	9	1,37,83,379	90,27,909
Due from related parties	22	4,15,52,619	2,68,56,940
Cash and cash equivalents	10	55,64,712	1,04,94,829
		<u>6,09,00,710</u>	<u>4,63,79,678</u>
TOTAL ASSETS		<u>27,16,47,179</u>	<u>25,71,24,730</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	23,82,29,738	23,82,29,738
Share application money		-	-
Accumulated losses		(1,11,75,881)	(65,18,825)
Other comprehensive income		10,49,129	6,58,853
TOTAL EQUITY		<u>22,81,02,986</u>	<u>23,23,69,766</u>
LIABILITIES			
Non-current			
Borrowings from related parties	22	2,68,83,753	48,45,666
Vehicle loan	12	-	6,812
Employees' end of service benefits	13	3,91,872	2,83,765
Other liabilities	14	-	42,21,174
Income tax payable	16	1,83,278	-
		<u>2,74,58,903</u>	<u>93,57,417</u>
Current			
Vehicle loan	12	-	26,686
Trade and other payables	15	36,71,038	26,87,784
Due to related parties	22	81,93,077	76,84,458
Other liabilities	14	42,21,174	49,98,619
		<u>1,60,85,289</u>	<u>1,53,97,547</u>
TOTAL LIABILITIES		<u>4,35,44,192</u>	<u>2,47,54,964</u>
TOTAL EQUITY AND LIABILITIES		<u>27,16,47,179</u>	<u>25,71,24,730</u>

The financial statements for the year ended March 31, 2023 (including comparatives) were approved on April __ by:

Mr Abhishek Singh

Director

Dubai, United Arab Emirates

The accompanying notes from 1 to 28 form an integral part of these financial statements

Mastek Arabia FZ-LLC**Financial statements****STATEMENT OF COMPREHENSIVE INCOME**

For The Year Ended March 31, 2023

INCOME	Notes	Year ended	Year ended
		March 31, 2023	March 31, 2022
		AED	AED
Revenue	17	2,48,56,699	2,08,51,399
Cost of sales	18	(2,40,22,836)	(2,27,59,391)
Gross (loss)/profit		8,33,863	(19,07,992)
Administrative, selling and general expenses	19	(41,22,898)	(21,52,136)
Other income	20	41,739	6,926
Finance cost	21	(3,26,767)	(1,97,828)
Net loss for the year		(35,74,063)	(42,51,030)
Income tax		(10,82,993)	-
Net profit/(loss) before taxes for the year		(46,57,056)	(42,51,030)
Other comprehensive income (OCI)			
Defined benefit plan actuarial gain	13	3,90,276	3,64,791
Total other comprehensive income for the year		3,90,276	3,64,791
Total comprehensive loss for the year		(31,83,787)	(38,86,239)

The accompanying notes from 1 to 28 form an integral part of these financial statements

Mastek Arabia FZ-LLC**Financial statements****STATEMENT OF CHANGES IN EQUITY**

For The Year Ended March 31, 2023

	Share capital	Share application money	Accumulated losses	Other comprehensive income	Total equity
	AED	AED	AED	AED	
Balance at April 1, 2021	23,82,29,738	-	(22,67,795)	2,94,062	23,62,56,005
Total comprehensive loss for the year	-	-	(42,51,030)	3,64,791	(38,86,239)
Balance at March 31, 2022	23,82,29,738	-	(65,18,825)	6,58,853	23,23,69,766
Total comprehensive loss for the year	-	-	(46,57,056)	3,90,276	(42,66,780)
Balance at March 31, 2023	23,82,29,738	-	(1,11,75,881)	10,49,129	22,81,02,986

The accompanying notes from 1 to 28 form an integral part of these financial statements

Mastek Arabia FZ-LLC

Financial statements

Notes to the Financial Statements
For The Year Ended March 31, 2023

6 Property and equipment

	Furniture and office equipments AED	Vehicles AED	Total AED
Cost:			
Balance at April 1, 2021	9,91,952	2,49,473	12,41,425
Additions during the year	1,65,940	-	1,65,940
Balance at March 31, 2022	11,57,892	2,49,473	14,07,365
Additions during the year	1,26,249	-	1,26,249
Balance at March 31, 2023	12,84,141	2,49,473	15,33,614
Accumulated Depreciation:			
Balance at April 1, 2021	8,59,140	1,91,796	10,50,936
Charged during the year (note 21)	74,304	26,628	1,00,932
Balance at March 31, 2022	9,33,444	2,18,429	11,51,868
Charged during the year (note 21)	98,188	26,628	1,24,816
Balance at March 31, 2023	10,31,632	2,45,057	12,76,684
Net carrying amount :			
Balance at March 31, 2023	2,52,509	4,416	2,56,925
Balance at March 31, 2022	2,24,448	31,044	2,55,497

7 Intangible asset

	March 31, 2023 AED	March 31, 2022 AED
Goodwill		
On acquisition of business of Evolutionary System Arabia FZ LLC	16,83,88,521	16,83,88,521

Mastek Arabia FZ-LLC
Financial statements

Notes to the Financial Statements
For The Year Ended March 31, 2023

8 Investment in subsidiaries	2023	2022
	AED	AED
Evolutionary Systems Bahrain S.P.C - (refer note "a" below)	40,26,000	40,26,000
Evolutionary Systems Saudi LLC - (refer note "b" below)	2,37,35,367	2,37,35,367
Evolutionary Kuwait Designing & Development LLC - (refer note "c" below)	62,87,656	62,87,667
Evolutionary Systems Consultancy LLC - (refer note "d" below)	69,54,000	69,54,000
Evolutionary Systems Egypt LLC - (refer note "e" below)	10,98,000	10,98,000
	4,21,01,023	4,21,01,034
a) Represents amount paid for purchase of 100% interest (50 shares of value BD 50,000) in a subsidiary company, Evolutionary Systems Bahrain limited liability company registered in Kingdom of Bahrain.		
b) Represents amount paid for purchase of 50% interest (50 shares of value SAR 250,000) in a subsidiary company, Evolutionary Systems Saudi liability company registered in Kingdom of Saudi Arabia.		
c) Represents amount paid for purchase of 49% interest (49 shares of value of KD 9,800) in a subsidiary company, Evolutionary Kuwait Development LLC, a limited liability company registered in Kuwait.		
d) Represents amount paid for purchase of 49% interest (49 shares of value of AED 73,500) in a subsidiary company, Evolutionary Systems Cons limited liability company registered in Abu Dhabi, U.A.E.		
e) Represents amount paid for purchase of 100% interest (100 shares of value EGP 5,000) in a subsidiary company, Evolutionary Systems Egypt liability company registered in Egypt		
9 Trade and other receivables	2023	2022
	AED	AED
<i>Financial assets</i>		
Trade receivables	85,25,721	53,03,487
Less: provision for doubtful debts	(16,36,681)	(10,22,196)
Net account receivable	68,89,040	42,81,291
Contract asset	61,21,091	38,65,949
Deposits	63,736	92,324
Advances to staff and other receivables	2,26,301	50,915
	1,33,00,167	82,90,479
<i>Non-financial assets</i>		
Prepayments	4,83,212	7,37,430
	4,83,212	7,37,430
	1,37,83,379	90,27,909
10 Cash and cash equivalents	2023	2022
	AED	AED
Cash on hand	9,804	14,061
Cash at bank:	-	-
In current accounts	55,21,908	14,55,875
In margin accounts	33,000	63,09,591
In time deposit accounts	-	27,15,302
	55,64,712	1,04,94,829

Mastek Arabia FZ-LLC
Financial statements

Notes to the Financial Statements
For The Year Ended March 31, 2023

11 Share capital	2023	2022
	AED	AED
Authorised and issued 238,230 (2022:238,230) shares of AED 1,000 each	23,82,29,738	23,82,29,738
	<u>23,82,29,738</u>	<u>23,82,29,738</u>

Name of Shareholders	%	2023	2022
	Holding	AED	AED
Mastek UK Ltd	100%	23,82,29,738	23,82,29,738
	<u>100%</u>	<u>23,82,29,738</u>	<u>23,82,29,738</u>

12 Vehicle loan	2023	2022
	AED	AED
Short term portion (payable within next 12 months)	-	26,686
Long term portion (payable after next 12 months)	-	6,812
Amount outstanding	<u>-</u>	<u>33,498</u>

13 Employees' end of service benefits	2023	2022
	AED	AED
As at April 1,	2,83,765	9,01,999
Charge for the year	85,353	2,94,647
Defined benefit plan actuarial gain	23,690	(3,64,791)
Payments during the year	(936)	(88,487)
Transferred to Evosys Arabia FZ LLC	-	(4,59,603)
Amount as at March 31,	<u>3,91,872</u>	<u>2,83,765</u>

Defined benefit plan- Gratuity plan

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

Valuation Assumptions:

i) Financial Assumptions:

	2023	2022
Discount rate (p.a)	5.35%	3.85%
Salary escalation rate (p.a)	4.00%	4.00%

a) Discount Rate:

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

b) Salary Escalation Rate:

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

Mastek Arabia FZ-LLC
Financial statements

Notes to the Financial Statements
For The Year Ended March 31, 2023

14 Employees' end of service benefits (continued)

ii) Demographic Assumptions:

a) Retirement Age:

The employees of the Company are assumed to retire at the age of 60 years.

b) Mortality:

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

c) Leaving Service:

We have assumed 10% per annum withdrawal rate at all ages in this valuation.

d) Disability:

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

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

14 Other liabilities	2023	2022
	AED	AED
Purchase consideration payable	-	42,21,174
Tax liability on purchase consideration payable	-	-
	<u>-</u>	<u>42,21,174</u>
15 Trade and other payables	2023	2022
	AED	AED
<i>Financial liabilities</i>		
Trade payables	6,14,085	3,64,640
Payable to staffs	82,604	1,39,555
Payable for professional fees	-	-
Other payables	20,57,587	15,28,846
Payable for leave salary	57,784	22,705
	<u>28,12,059</u>	<u>20,55,746</u>
<i>Non-financial liabilities</i>		
Contract liabilities	8,58,980	6,32,038
Other payables	-	-
	<u>8,58,980</u>	<u>6,32,038</u>
	<u>36,71,038</u>	<u>26,87,784</u>
15 Other liabilities	2023	2022
	AED	AED
Purchase consideration payable	42,21,174	42,00,952
Tax liability on purchase consideration payable	-	7,97,667
	<u>42,21,174</u>	<u>49,98,619</u>

Mastek Arabia FZ-LLC
Financial statements

Notes to the Financial Statements
For The Year Ended March 31, 2023

17 Revenue	March 31, 2023	March 31, 2022
	AED	AED
Information technology services	2,48,56,699	2,08,51,399
	<u>2,48,56,699</u>	<u>2,08,51,399</u>

18 Cost of sales	March 31, 2023	March 31, 2022
	AED	AED
Salaries and benefits	59,46,666	34,26,112
Professional fees expense	1,80,40,734	1,90,55,243
Allowance expense	35,435	1,42,319
Rent expense	-	1,35,717
	<u>2,40,22,836</u>	<u>2,27,59,391</u>

19 Administrative, selling and general expenses	March 31, 2023	March 31, 2022
	AED	AED
Withholding taxes	88,500	7,63,632
Insurance expense	1,05,012	4,43,476
Salaries and benefits	5,68,360	3,29,550
Travel expenses	8,30,057	2,93,391
Office rent expense	2,56,597	2,22,590
Depreciation (Note 6)	1,24,816	1,00,932
Legal and professional expense	3,51,310	1,54,805
Bad debts written-off	-	58,768
Forex fluctuation	(1,31,787)	49,757
Postage and communication	13,098	17,245
Printing and stationery	3,599	1,633
Provision for doubtful debts	3,27,551	(6,47,995)
Other administrative costs	15,85,785	3,64,351
	<u>41,22,898</u>	<u>21,52,136</u>

20 Other income	March 31, 2023	March 31, 2022
	AED	AED
Interest on fixed deposit	41,739	6,926
	<u>41,739</u>	<u>6,926</u>

21 Finance costs	March 31, 2023	March 31, 2022
	AED	AED
Interest on vehicle loan	1,450	3,137
Interest expenses	-	20,238
Bank guarantee charges	3,25,317	1,74,453
	<u>3,26,767</u>	<u>1,97,828</u>