

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mastek, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

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 as 'the Group'), which comprise the Consolidated Statement of Financial Position as at March 31, 2023, and the Consolidated Statement of Profit and Loss and Other Comprehensive Loss, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions of International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the 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 consolidated financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements that give a true and fair view in accordance with the IFRSs and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with governance are responsible for overseeing the Group's financial reporting process.



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

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 International Standards on Auditing (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 consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the consolidated financial statements.

For BDO India LLP

BDO India LLP



Place: Mumbai

Date: 1st March, 2024



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MASTEK, INC.

Auditor's Responsibilities for the Audit of the consolidated financial statements

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

- Identify and assess the risks of material misstatement of the consolidated 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. We are not responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- 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 ability of the company and its subsidiaries 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 consolidated 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 and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For BDO India LLP

BDO India LLP



Place: Mumbai

Date: 1st March, 2024



Annexure 1

List of Subsidiaries

1. Trans America Information Systems Inc.
2. Mastek Digital Inc.
3. Metasofttech Solutions LLC



Mastek, Inc.
Consolidated Statement of Financial Position as at March 31, 2023
(All amounts in \$ '000, unless otherwise stated)

	Note	As at	
		March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment, net	3(a)(i)	193	39
Capital work-in-progress		8	-
Goodwill	3(c)	1,03,515	13,262
Other intangible assets, net	3(a)(ii)	13,667	2,295
Right-of-use assets	3(b)	1,616	742
Financial assets			
Investment	4	1,500	-
Deferred tax Asset, net	22(c)	1,705	(641)
Total non-current assets		1,22,204	15,697
Current assets			
Financial assets			
Trade receivables	5	13,148	7,267
Cash and cash equivalents	6	5,339	2,047
Other current assets	7	5,350	1,412
Total current assets		23,837	10,726
Total assets		1,46,041	26,423
EQUITY AND LIABILITIES			
Equity			
Share capital	8	71,350	21,350
Other equity	9	(8,193)	(3,214)
Total equity		63,157	18,136
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	10(a)	26,273	-
Lease liabilities	28	1,030	624
Other financial liabilities	11	33,564	-
Total non-current liabilities		60,867	624
Current liabilities			
Financial liabilities			
Borrowings	10 (b)	6,052	2,000
Lease liabilities	28	727	155
Trade payables	12	7,705	4,333
Other current liabilities	13	6,112	618
Provisions	14	390	337
Current tax liabilities, net		1,031	220
Total current liabilities		22,017	7,663
Total liabilities		82,884	8,287
Total equity and liabilities		1,46,041	26,423

The accompanying notes form an integral part of the consolidated financial statements

Mastek, Inc.**Consolidated Statement of Profit or Loss and Other comprehensive Income for the year ended March 31, 2023**

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

	Note	Year ended	Year ended
		March 31, 2023	March 31, 2022
Revenue	15	57,485	26,647
Employee benefits expenses	17	(27,432)	(15,390)
Depreciation and amortisation expenses	18	(3,149)	(491)
Other expenses	19	(31,247)	(12,705)
Operating (loss) / profit		(4,343)	(1,939)
Other income	16	257	2
Finance costs	20	(2,049)	(8)
(Loss) before tax		(6,135)	(1,945)
Tax (expense)/ credit			
Current tax		(1,141)	(341)
Deferred tax		2,347	(163)
Reversal of excess provision for tax of earlier year		1	177
Total tax expense (net)	22(a)	1,207	(327)
(Loss) after tax for the year		(4,928)	(2,272)
Other comprehensive income (OCI) for the year			
Items that will be reclassified to the statement of profit or loss in subsequent period			
Gain/ (loss) on foreign currency translation		(51)	1
Total comprehensive (loss) for the year		(4,979)	(2,271)
(Losses)/ earnings per share	21		
[Equity shares of par value March 31, 2023 : \$ 100 each (March 31, 2022 : \$ 100 each)]			
Basic and diluted (in \$)		\$ (15.38)	\$ (10.64)

The accompanying notes form an integral part of the consolidated financial statements

Mastek, Inc.**Consolidated Statement of cash flows for the year ended March 31, 2023**

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

	Year ended	Year ended
	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Profit before tax	(6,135)	(1,945)
Adjustments:		
Provision for compensated absences	53	53
Rent income	(254)	-
Finance cost	2,049	8
Other non-operating income	(3)	-
Depreciation and amortisation	3,149	491
Employee stock compensation expenses	224	-
	(917)	(1,393)
Changes in operating assets and liabilities		
(Increase)/ decrease in trade receivables	(5,881)	(3,420)
(Increase)/ decrease in other assets	(3,938)	259
Increase in trade and other payables, other liabilities and provisions	43,971	2,306
Cash generated/ (used in) from operating activities before taxes	33,235	(2,248)
Income taxes paid, net	(330)	(95)
Net cash generated/ (used in) from operating activities	32,905	(2,343)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(15,557)	(64)
Other Investment	(1,500)	-
Purchase consideration paid for acquisition of subsidiary	(90,253)	-
Rent income	254	-
Other non-operating income	3	-
Net cash used in investing activities	(1,07,053)	(64)
Cash flows from financing activities		
Fresh Issue	50,000	-
Proceeds from borrowings	30,023	-
Repayment of borrowings	302	-
Finance costs paid	(2,049)	-
Payment of lease liabilities	(561)	(148)
Employee stock compensation expenses	(224)	-
Net cash generated/ (used in) from financing activities	77,491	(148)
Net increase/ (decrease) in cash and cash equivalents during the year	3,343	(2,555)
Cash and cash equivalents at the beginning of the year	2,047	4,602
Effect of exchange rate changes on Cash	(51)	-
Cash and cash equivalents at the end of the year	5,339	2,047

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

The accompanying notes form an integral part of the consolidated financial statements

Mastek, Inc.**Consolidated Statement Of Changes in Equity for the year ended March 31, 2023**

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

Particulars	Share capital	Other equity		Total equity
		Retained earnings	Foreign currency translation reserve	
Balance as at April 1, 2022	21,350	(3,214)	(0)	18,136
Issue of Shares	50,000	-	-	50,000
Foreign currency translation movement during the year	-	-	(51)	(51)
Loss for the year	-	(4,928)	-	(4,928)
Balance as at March 31, 2023	71,350	(8,142)	(51)	63,157
Balance as at April 1, 2021	21,350	(942)	(1)	20,407
Foreign currency translation movement during the year	-	-	1	1
Loss for the year	-	(2,272)	-	(2,272)
Balance as at March 31, 2022	21,350	(3,214)	(0)	18,136

The accompanying notes form an integral part of the consolidated financial statements

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

(\$ 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, 2023	% of voting power held as at March 31, 2022
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

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2023	% of voting power held as at March 31, 2022
Trans American Information Systems Inc.	USA	100%	100%
Mastek Digital Inc.	Canada	100%	100%
Meta Soft tech Solutions LLC	USA	100%	100%

2 Basis of Preparation**a. Basis of preparation and 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 Group 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, 2023 with comparative Statement of Financial Position as on March 31, 2022; the Statement of Profit and loss; the Statement of Changes in Equity; and the Statement of Cash Flows for the years ended March 31, 2023 with comparatives for the year ended March 31, 2022.

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 Group. 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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(\$ in '000, unless otherwise stated)**

The consolidated financial statements have been prepared on an accrual basis and on a historical cost convention.

The consolidated financial statements have been prepared by the management for the limited purpose to provide assurance to present investors and board of managers that adequate governance over financial reporting exists.

b. 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:

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 Group 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 Group. 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 Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group'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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(\$ in '000, unless otherwise stated)**

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 Group 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. However no deferred tax assets have been created in the Group yet.

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 – Group 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 Group has several lease contracts that include extension and termination options. The Group 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 Group 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 Group includes such extended term and ignore termination option in determination of lease term.

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (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.

d. 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 Group.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

(\$ in '000, unless otherwise stated)

ii) Foreign currency transactions and balances

Foreign currency transactions of the Group are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at each reporting date based on the rate prevailing on such date. 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 consolidated statement of profit and loss. Non-monetary assets and liabilities are continued to be carried at rates of initial recognition.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in foreign currency translation reserve and accumulated in other equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

(iii) 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 Equity

A financial asset is subsequently measured at fair value through other equity 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. 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.

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.

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023

(\$ in '000, unless otherwise stated)

(iv) Current versus non-current classification

1. An asset is considered as current when it is:

- a. Expected to be realised or intended to be sold or consumed in the normal operating cycle, or
- b. Held primarily for the purpose of trading, or
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. All other assets are classified as non-current.

3. Liability is considered as current when it is:

- a. Expected to be settled in the normal operating cycle, or
- b. Held primarily for the purpose of trading, or
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the

4. All other liabilities are classified as non-current.

5. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(v) 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.

(vi) Property, Plant and Equipment (PPE)

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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

(\$ in '000, unless otherwise stated)

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

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.

(vii) 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

(viii) 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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(\$ in '000, unless otherwise stated)****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.

(ix) 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.

(x) 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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

(\$ in '000, unless otherwise stated)

(xi) 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.

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

(xiii) 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.

Group accounts for a contract when it has approval and commitment from all parties, the rights of the parties

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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

(\$ in '000, unless otherwise stated)

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 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.

(xiv) Income Tax

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised 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.

(xv) Finance / Borrowing costs

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.

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023

(\$ in '000, unless otherwise stated)

(xvi) 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.

(xvii) Cash and cash equivalents

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

(xviii) Business Combination

Business Combination are accounted for using the acquisition method under the provisions of IFRS 3, Business combinations. The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the group.

For convenience, an acquisition date may be considered to be at the beginning or end of a month, in which the control is acquired rather than the actual acquisition date, unless events between the 'convenience' date and actual acquisition date results in the material changes in amount recognised. The cost of acquisition also include the fair value of any contingent consideration. Identifiable asset acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Contingent consideration is remeasured at fair value at each reporting date and any change in fair value are recognised in the consolidated statement of profit & loss.

Acquisition costs that the group incurs in connection with the business combination are expensed as incurred.

(xix) Other Income

Other income comprises interest income on deposits. Interest income is recognised using the effective interest method.

(xx) New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, new and revised IFRS standards are not applicable to the group.

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Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023

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

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

Particulars	Gross value (at cost)					Depreciation					Net value	
	April 1, 2022	Additions on business acquisition	Additions	Disposals	March 31, 2023	April 1, 2022	Accumulated depreciation on business acquisition	For the year	Disposals	March 31, 2023	March 31, 2023	March 31, 2022
Computers	268	235	99	-	602	232	135	68	-	435	168	36
Furniture and fixtures	1	209	-	-	210	1	176	14	-	191	19	-
Office equipment	28	18	-	-	46	25	15	2	-	42	4	3
Leasehold improvements	40	94	-	-	134	40	86	5	-	131	2	-
Total	337	556	99	-	992	298	411	88	-	799	193	39

3(a)(ii) Other intangible assets

Particulars	Gross value (at cost)					Amortisation					Net value	
	April 1, 2022	Additions on business acquisition	Additions	Disposals	March 31, 2023	April 1, 2022	Accumulated depreciation on business acquisition	For the year	Disposals	March 31, 2023	March 31, 2023	March 31, 2022
Computer software	55	145	-	-	200	41	145	13	-	199	1	14
Customer contracts	860	3,300	-	-	4,160	860	-	1,571	-	2,431	1,729	-
Customer relationships	3,740	10,600	-	-	14,340	1,459	-	943	-	2,402	11,938	2,281
Total	4,655	14,045	-	-	18,700	2,360	145	2,528	-	5,033	13,667	2,295

3(b) Right-of-use assets

Particulars	Gross value (at cost)					Depreciation					Net value	
	April 1, 2022	Additions on business acquisition	Additions	Disposals	March 31, 2023	April 1, 2022	Accumulated depreciation on business acquisition	For the year	Disposals	March 31, 2023	March 31, 2023	March 31, 2022
Building	1,546	2,089	-	-	3,635	804	682	534	-	2,019	1,616	742
	1,546	2,089	-	-	3,635	804	682	534	-	2,019	1,616	742

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023

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

For previous year ended March 31, 2022

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

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computers	221	47	-	268	211	21	-	232	36	10
Furniture and fixtures	1	-	-	1	1	-	-	1	-	-
Office equipment	28	-	-	28	20	5	-	25	3	8
Leasehold improvements	40	-	-	40	32	8	-	40	-	8
Total	290	47	-	337	264	34	-	298	39	26

3(a)(ii) Other intangible assets

Particulars	Gross value (at cost)				Amortisation				Net value	
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer software	38	17	-	55	28	13	-	41	14	10
Customer contracts	860	-	-	860	860	-	-	860	-	-
Customer relationships	3,740	-	-	3,740	1,182	277	-	1,459	2,281	2,558
Total	4,638	17	-	4,655	2,070	290	-	2,360	2,295	2,568

3(b) Right-of-use assets

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	773	773	-	1,546	637	167	-	804	742	136
	773	773	-	1,546	637	167	-	804	742	136

3(c) Goodwill

Particulars	As at	
	March 31, 2023	March 31, 2022
Gross carrying amount		
Balance as at beginning of the year	13,262	13,262
Additions on account of acquisition	90,253	-
Impairment	-	-
Balance as at the end of the year	1,03,515	13,262

Impairment assessment

Goodwill having a carrying value of \$103,515 Thousands (March 31, 2022: \$13,262 Thousands) includes Goodwill of \$13,262 Thousands (March 31, 2022: \$ 13,262 Thousand) on Taitech US Group and \$90,253 Thousands (March 31, 2022: Nil) on MST business (CGU) which has been allocated to the Mastek US business (CGU) and MST business CGU respectively. The estimated value-in-use of CGU, is based on the present value of the future cash flows using a 2.5% (March 31, 2022: 2.5%) annual growth rate for periods subsequent to the forecast period of 5 years (March 31, 2022: 4 years) and discount rate of 16.5% (March 31, 2022: 15.00%).

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset / CGU is made. Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by 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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)****Non Current Assets**

	As at	
	March 31, 2023	March 31, 2022
4 Investment		
Investment in share warrant at FVOCI fully paid (unquoted)		
Investment in Volteo Edge*	1,500	-
	1,500	-

- * On December 16, 2022, Mastek Inc., made a Simple Agreement for Future Equity ("SAFE") note investment in VolteoEdge, an Edge Intelligence Company in the Connected Enterprise Space ("VolteoEdge") which will be converted into an equity stake (of approximately 5%) in series A round with a pre-determined valuation cap. VolteoEdge in collaboration with Intel and ServiceNow, delivers Edge-as-a-Service or Edge-to-Service (E2S) to its customers across Manufacturing, Oil & Gas, Healthcare, Retail, and Infrastructure industries. The purchase consideration includes upfront payment of USD 1,500. Hence the informing regarding number of warrants, face value and fair value as on reporting date is not available.

Financial Assets

	As at	
	March 31, 2023	March 31, 2022
5 Trade receivables		
Trade receivables, gross from related party [refer note 23(iii)]	3,082	6,180
Trade receivables, gross from others	11,464	2,471
Less: Allowance for expected credit losses (on receivables from others)	(1,398)	(1,384)
	13,148	7,267

Notes:

- i) Trade receivables are non-interest bearing.
ii) Refer note 26 for information on credit risk and market risk.
iii) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

	As at	
	March 31, 2023	March 31, 2022
6 Cash and cash equivalents		
Bank balances - in current bank accounts	5,339	2,047
	5,339	2,047

Notes:

- i) Refer note 26 for information on credit risk and market risk.
ii) There are no repatriation restrictions with regards to cash and cash equivalents.

	As at	
	March 31, 2023	March 31, 2022
7 Other current assets		
Prepaid expenses	108	16
Security deposits	243	238
Contract asset [refer note 2(d)(xiii)]	4,872	1,127
Advances to employees	35	4
Advances to suppliers	92	27
	5,350	1,412

Note:

- i) Refer note 24 for information on credit risk and market risk.

	As at	
	March 31, 2023	March 31, 2022
8 Equity share capital		
Authorised:		
1,000,000 (March 31, 2022: 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 :		
713,500 (March 31, 2022: 213,500 of \$ 100 each) equity shares of \$ 100 each fully paid	71,350	21,350
	71,350	21,350

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)****(a) Rights, preferences and restrictions attached to equity shares**

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.

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

Particulars	March 31, 2023		March 31, 2022	
	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	5,00,000	50,000	-	-
Balance as at the end of the year	7,13,500	71,350	2,13,500	21,350

9 Other equity	As at	
	March 31, 2023	March 31, 2022
a) Retained earnings (All net gains and losses and transactions with owners including prior year's undistributed earning after taxes)	(8,142)	(3,214)
b) Foreign currency translation reserve Exchange difference relating to the translation of the results and net assets of the Group'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.	(51)	-
	(8,193)	(3,214)

Financial liabilities

10 (a) Borrowings	As at	
	March 31, 2023	March 31, 2022
Secured Term loans from bank*	26,273	-
	26,273	-

Note:

*Refer note 26 for liquidity risk and market risk.

Nature of Security :

- Secured by corporate guarantee of USD 32 million given by the ultimate holding company Mastek Limited.
- Secured by Mahape Property A-7, Section -I, Industrial Area, Mastek Millanium Centre, Millanium Business Park 2, TTC Industrial Area, Shil Phata-Mahape Road, Mahape, Navi Mumbai - 400710

Repayment

Payment in 8 equal half yearly installment of USD 3.75 million over a period of 5 years starting from the month of March 2024 along with the interest at secured overnight financing rate (SOFR) + 190 basis point. Rate of interest @3.8% - 6.1% p.a. as at year end (March 31, 2022: NA %p.a.)

10 (b) Borrowings	As at	
	March 31, 2023	March 31, 2022
Unsecured Loan from related party, interest free and repayable on demand [refer note 23(iii)]	2,302	2,000
Secured Current Maturities of term loan from bank (refer note 10 above, for security)	3,750	-
	6,052	2,000

Note

*Refer note 26 for liquidity risk and market risk.

11 Other financial liability	As at	
	March 31, 2023	March 31, 2022
Contingent consideration payable (Refer Note no. 29)	33,564	-
	33,564	-

12 Trade payables	As at	
	March 31, 2023	March 31, 2022
Trade payables	7,705	4,333
	7,705	4,333

Notes:

- All amounts are short-term. The carrying values of trade payables are considered to be a reasonable approximation of fair value.
- Out of total trade payable \$ 6,523 (March 31, 2022: \$ 1,607) amount payable to relate party [refer note 23(iii)]

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

13 Other current liabilities	As at	
	March 31, 2023	March 31, 2022
Statutory dues	334	204
Employee benefits payable	150	404
Accrued expenses	5,561	-
Other deposits	34	-
Contract liabilities [refer note (ii) below]	34	10
	6,112	618

Notes:

i) Refer note 26 for liquidity risk and market risk.

ii) The amounts recognised as a contract liability will generally be utilised within the next annual reporting period.

14 Provisions	As at	
	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for compensated absences	390	337
	390	337

*Disclosure for movement in provision for leave entitlement

Particulars	March 31, 2023	March 31, 2022
Opening provision at the beginning of the year	337	284
Created during the year (net)	53	53
Closing provision at the end of the year	390	337

15 Revenue	For the year ended	
	March 31, 2023	March 31, 2022
Sale of service		
Information technology services	55,289	26,640
Other operating revenue	2,196	7
	57,485	26,647

Disaggregated revenue

The table below presents disaggregated revenues from contracts with customers by customer location and service line for each of the business segments. The Group believe this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Revenue by geography	For the year ended	
	March 31, 2023	March 31, 2022
US	55,494	25,261
Canada	432	993
Singapore	7	150
Australia	26	123
Netherlands	145	120
UK	1,186	-
Dubai	169	-
India	26	-
	57,485	26,647

Revenue by service line	For the year ended	
	March 31, 2023	March 31, 2022
Digital Commerce and Experience	51,401	25,195
Data, Automation and AI	2,761	765
Digital and Application Engineering	3,323	687
	57,485	26,647

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)****Timing of revenue recognition**

Transferred over time

Transferred at a point in time

For the year ended	
March 31, 2023	March 31, 2022
10,791	10,395
46,694	16,245
57,485	26,640

Notes:

i) The above figures have been extracted from MIS generated report, to compute Time and Material and Fix Bid Revenue.

ii) The above figures Included the amount pertaining to other operating revenue in March 31, 2023 \$ 2,196 (March 31, 2022 \$ 7).

Remaining performance obligation

As of March 31, 2023, the aggregate amount of transaction price allocate to remaining performace obligation, was \$ 1,938 of which approximately 100% is expected to be recognised as revenue within 3 years. (March 31, 2022 \$ 304)

Changes in Contract assets are as follows:**Balance at the beginning of the year**

Invoices raised that were included in the contract assets balance at the beginning of the year

Increase due to revenue recognised during the year, excluding amounts billed

Balance at the end of the year

For the year ended	
March 31, 2023	March 31, 2022
1,127	1,403
(1,015)	(1,292)
4,760	1,016
4,872	1,127

Changes in contract liability are as follows:**Balance at the beginning of the year**

Revenue recognised that was included in the contract liability balance at the beginning of the year

Decrease due to invoicing during the year, excluding amounts recognised as revenue during the year

Balance at the end of the year

For the year ended	
March 31, 2023	March 31, 2022
10	7
(10)	(7)
34	10
34	10

16 Other income

Other non-operating income

Rent income

For the year ended	
March 31, 2023	March 31, 2022
3	2
254	-
257	2

17 Employee benefits expenses

Salaries, wages and performance incentives

Employee stock compensation expenses [refer note 23(ii)]

Staff welfare expenses

For the year ended	
March 31, 2023	March 31, 2022
26,141	14,629
224	129
1,067	632
27,432	15,390

18 Depreciation and amortisation expenses

Property, plant and equipment

Right-of-use assets [refer note 28(iii)]

Intangible assets

For the year ended	
March 31, 2023	March 31, 2022
87	34
534	167
2,528	290
3,149	491

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)**

	For the year ended	
	March 31, 2023	March 31, 2022
19 Other expenses		
Recruitment and training expenses	383	160
Travelling and conveyance expenses	1,436	420
Communication charges	154	85
Consultancy and sub-contracting charges [refer note 23(ii)]	25,516	10,371
Rates and taxes	34	-
Repairs		
Buildings	73	100
Others	294	74
Insurance charges	455	156
Printing and stationery expenses	11	5
Professional fees	2,178	806
Rent [refer note 28(iii)]	20	172
Advertisement and publicity	328	69
Donation	26	30
Hire charges	1	-
Electricity charges	11	11
Bank charges	9	9
Bad debts	25	-
Miscellaneous expenses	293	235
	31,247	12,705

	For the year ended	
	March 31, 2023	March 31, 2022
20 Finance costs		
Interest on lease liabilities [refer note 28(iii)]	76	8
Other finance charges	1,973	-
	2,049	8

	For the year ended	
	March 31, 2023	March 31, 2022
21 (Losses)/ earnings per share		
The components of basic and diluted loss per share for total operations are as follows:		
(a) Net (loss) / profit attributable to equity shareholders	(4,928)	(2,272)
(b) Weighted average number of outstanding equity shares		
Considered for basic and diluted EPS	3,20,349	2,13,500
(c) (Losses)/ earning per share in \$		
Basic and Diluted	\$ (15.38)	\$ (10.64)
(Face value per share March 31, 2023 : \$ 100 each, March 31, 2022 : \$ 100 each)		

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Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

22 Income taxes

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

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current tax	1,141	341
Deferred tax	(2,347)	162
Tax related to earlier years	(1)	(177)
Total tax expense recognised in the consolidated statement of profit or loss	(1,207)	327

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, 2023	March 31, 2022
(Loss) / Profit before tax	(6,135)	(1,945)
Enacted income tax rate in United States of America	21%	21%
Computed expected tax expense	(1,289)	(408)
Effect of:		
Additional tax payable in Canada on account of differential income tax rate	4	46
Reversal of excess provision for tax of earlier year	(1)	(177)
State taxes for the year	23	117
Loss on which deferred tax credit not taken	-	734
Others	56	15
Income tax expense recognised in the consolidated statement of profit or loss	(1,207)	327

c) The movement in gross deferred income tax assets and (liabilities) (before set-off) for the year ended March 31, 2023 is as follows:

Particulars	Carrying value as at April 1, 2022	Changes through profit and loss	Carrying value as at March 31, 2023
Property, plant and equipment	(10)	117	107
Intangible assets	(1,010)	(493)	(1,503)
Brought forward losses	-	2,323	2,323
Others	379	400	778
Total	(641)	2,347	1,705

The movement in gross deferred income tax assets and (liabilities) (before set-off) for the year ended March 31, 2022 is as follows:

Particulars	Carrying value as at April 1, 2021	Changes through profit and loss	Carrying value as at March 31, 2022
Property, plant and equipment	(7)	(3)	(10)
Intangible assets	(850)	(160)	(1,010)
Others	379	-	379
Total	(478)	(163)	(641)

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Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

23 Related party disclosures (relationships have been disclosed to the extent transactions have taken place and for relationships of control)

Name of related party	Nature of relationship	Country of incorporation
Mastek Limited	Ultimate Holding Company	India
Mastek (UK) Limited	Holding Company	United Kingdom
Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	Fellow Subsidiary Company	India
Mastek Systems Pty Ltd	Fellow Subsidiary Company	Australia
Evolutionary Systems Corp.	Fellow Subsidiary Company	United States of America
Evolutionary Systems B.V.	Fellow Subsidiary Company	Netherlands
Mastek Systems (Singapore) Pte. Ltd.	Fellow Subsidiary Company	Singapore
Mastek Arabia FZ LLC, (UAE)	Fellow Subsidiary Company	UAE
Evolutionary Systems Canada Ltd	Fellow Subsidiary Company	Canada
Evolutionary Systems Qatar	Fellow Subsidiary Company	Qatar
Mastek Systems Co. Ltd.	Fellow Subsidiary Company	United Kingdom
Meta Soft Tech Systems Private Limited	Fellow Subsidiary Company	India

Key management personnel:

Ketan Mehta, Director
Hiral Chandana, Director
Vivek Chopra, Director
David Rutchik, Director (w.e.f. February 28, 2022)
Suresh Vaswani - Director
Marilyn Jones
Mayur Gajendragadkar, Company Secretary
Sanjit Chandra - Company Secretary
Daniel Lang - Local Professional

i) Transactions with key management personnel

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Salaries and other employee benefits	1445	1,580

ii) Transactions with related parties during the year were:

Nature of transactions	Name of related party	For the year ended	
		March 31, 2023	March 31, 2022
Employee stock compensation expenses	Mastek Limited	-	129
Consultancy and sub-contracting charges	Mastek Limited	1,092	1,373
	Mastek (UK) Limited	1,367	-
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Evolutionary Systems Corp.)	7,050	5,622
	Evolutionary Systems Corp.	728	243
	Evolutionary Systems B.V.	-	4
	Mastek Arabia FZ LLC, (UAE)	-	5
	Evolutionary Systems Qatar	162	-
	Meta Soft Tech Systems Private Limited	3,709	-
	Information technology services	Mastek Systems Pty Ltd	26
Information technology services	Evolutionary Systems Corp.	2,578	1,178
	Evolutionary Systems B.V.	145	120
	Mastek Systems (Singapore) Pte. Ltd.	7	150
	Mastek Arabia FZ LLC, (UAE)	169	-
	Mastek Systems Co. Ltd.	148	-
	Mastek Limited	22	-
	Meta Soft Tech Systems Private Limited	0	-
	Mastek (UK) Limited	1,039	-
	Mastek Enterprise Solutions Private Limited	4	-
	Other reimbursable expenses charged	Mastek Limited	-
Other reimbursable expenses charged	Mastek (UK) Limited	77	34
	Mastek Systems Co. Ltd.	24	-
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Evolutionary Systems Corp.)	-	23
		-	8

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

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

Nature of balance:	Name of related party	Balance as at	
		March 31, 2023	March 31, 2022
Trade receivables	Mastel Systems Pty Ltd	11	65
	Evolutionary Systems Corp.	2,312	993
	Evolutionary Systems B.V.	265	133
	Evolutionary Systems (Singapore) Pte. Ltd.	139	120
	Evolutionary Systems Canada Ltd	13	-
	Mastek Systems Co. Ltd.	148	-
	Mastek Limited	22	-
	Mastek Arabia FZ LLC, (UAE)	169	-
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	4	-
Trade payables	Evolutionary Systems Corp.	1,221	212
	Mastek Limited	147	213
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	2,327	1,140
	Mastek (UK) Limited	377	33
	Evolutionary Systems B.V.	4	5
	Evolutionary Systems (Singapore) Pte. Ltd.	5	4
	Meta Soft Tech Systems Private Limited	2,280	-
	Evolutionary Systems Qatar	162	-
Borrowings	Mastek Systems Co. Ltd.	1,525	-
	Mastek (UK) Limited	777	2,000

24 Segment reporting

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

25 Financial instrument

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	Carrying Value as at		Fair Value as at	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Assets				
Amortised cost				
Trade receivables	13,148	7,267	13,148	7,267
Cash and cash equivalents	5,339	2,047	5,339	2,047
Other current assets			-	
Security deposits	243	238	243	238
Total assets	18,731	9,552	18,730	9,552
Liabilities				
Amortised cost				
Borrowings	32,325	2,000	32,325	2,000
Other financial liabilities	33,564	-	33,564	-
Trade payables	7,705	4,333	7,705	4,333
Lease liabilities	1,757	779	1,757	779
Other current liabilities				
Employee benefits payable	150	404	150	404
Total liabilities	75,501	7,516	75,501	7,516

26 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. The primary market risk to the Group is foreign exchange risk.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)****Foreign currency risk**

The Group's exposure to risk of change in foreign currencies exchange rates arising from foreign currency transactions, is primarily with respect to the currencies which are not fixed. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

Non-Derivative Financial Instruments

The following table presents foreign currency risk from non- derivative financial instrument as of March 31, 2023 and March 31, 2022.

Currency	As at March 31, 2023	
	Financial liabilities [in foreign currencies (in '000)]	Financial liabilities (\$ in '000)
CAD	(464)	(342)

Currency	As at March 31, 2022	
	Financial liabilities [in foreign currencies (in '000)]	Financial liabilities (\$ in '000)
CAD	(245)	(195)

As at March 31, 2023 and March 31, 2022 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact results by approximately \$ 5 thousands and \$ 3 thousand respectively.

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. One customer who contributes for more than 10% of outstanding total accounts receivables aggregating to 16% as at March 31, 2023 (Two customers who contributes for more than 10% of outstanding total accounts receivables aggregating to 44.66%, March 31, 2022).

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

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Revenue from Top Customer	16%	27%
Revenue from Top 5 Customers	34%	48%

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.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023****(All amounts in \$ '000 , unless otherwise stated)**

The liquidity position of the Group is given below:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Cash and cash equivalents	5,339	2,047

The table below provides details regarding the contractual maturities of significant liabilities as at March 31, 2023 and March 31, 2022:

Particulars	As at	
	Less than 1 Year	1 Year and above
Borrowings	6,052	26,273
Trade and other payables	7,705	-
Lease liabilities	727	1,030
Other liabilities	6,112	-

Particulars	As at	
	Less than 1 Year	1 Year and above
Borrowings	2,000	-
Trade and other payables	4,333	-
Lease liabilities	155	624
Other liabilities	618	-

27 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 shareholder value.

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Total equity attributable to the equity share holders of the Group	63,157	18,136
Equity capital as a percentage of total capital	91%	90%
Current borrowings	6,052	2,000
Total borrowings	6,052	2,000
Borrowings as a percentage of total capital	9%	10%
Total capital (Borrowings and equity)	69,209	20,136

The Group is predominantly equity financed which is evident from capital structure table. Further, the Group has always been in a net cash position.

28 Leases**The Group 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 4 years. The Group has applied low value exemption for leases of laptops, leased lines, furniture and equipment and accordingly are excluded from IFRS 16. Further Group has taken exemption for short term leases having duration of less than 12 months.

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	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	779	146
Additions during the year	1,462	773
Accretion of interest	76	8
Payments	(560)	(148)
Balance at the end of the year	1,757	779
Current	727	155
Non-current	1,030	624

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

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	Year ended	
	March 31, 2023	March 31, 2022
Less than one year	796	192
More than one year to five years	1,061	664
More than five years	-	-
Total	1,857	856

The average effective interest rate for lease liabilities is 4.8% - 6%

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

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	534	167
Finance expense on lease liabilities	76	8
Expense relating to short-term leases (included in other expenses)	20	172
Total amount recognised in the statement of profit or loss	630	347

The Group had total cash outflows for leases of \$ 560 for the year ended March 31, 2023 (\$ 148 for the year ended March 31, 2022).

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.

29 Business combinations**Acquisition of entities**

1. During the year end ended March 31, 2023, Mastek Inc has acquired the control of the business Metasofttech Solutions LLC ('MST US'). The Acquisition was as follows:

2. Mastek Inc, entered into a Member's interest purchase agreement ("MIPA") on July 18, 2022 to acquire the business of Metasofttech Solutions LLC. by paying a cash consideration including contingent consideration to be paid based on agreed revenue and gross margin performance (net of cash and cash equivalents) of USD 105.8 million. The closing of such transaction occurred on August 02, 2022, which is considered to be date of transfer of control or the date of acquisition. As per IFRS 3, all the necessary effects have been recognised in the financial statement.

3. Metasoft offers customers relationship management (CRM) and marketing automation consulting services. It offers salesforce, licensing solution, MuleSoft integration, CPQ for salesforce, and Vlocity products. The company offers digital transformation, non-profit, and public sector industries. it is trusted partner to several Fortune 1000 and large enterprise clients. The acquisition will enable the group in CRM business.

Purchase Consideration

Particulars	MST USA
Purchase Consideration	1,07,735
Less: Adjustment for Cash [^]	1,857
	<u>1,05,878</u>

[^] Purchase consideration is net of cash and cash equivalents acquired including contingent consideration to be paid based on agreed revenue and gross margin performance.

Mastek, Inc.**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2023**

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

The Purchase Price Allocation to be identified assets and liabilities assumed at the acquisition date are :

Particulars	MST USA
Property Plant and Equipment and Right-of-Use-Assets	1,553
Customers Contracts	3,300
Customers Relationships	10,600
Trade Receivables*	6,236
Other Assets	15,502
Trade Payables	(2,870)
Financial liabilities	(1,462)
Other liabilities	(17,223)
Current tax liability	(11)
Fair Value of Identified net Assets	15,625
Less: Purchase Consideration	(1,05,878)
Goodwill	90,253
Contingent Liability	NA
Goodwill expected to be deductible for tax purpose	90,253

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skills and expertise of Metasofttech Solutions LLC's workforce and expected synergies.

*represents fair value of receivables and gross contractual amount receivable. All amounts are expected to be collected.

Notes

1. Projected revenue and (loss) of the company had the acquisition occurred as of the beginning of the year would be USD 39,639 and USD (1,735) respectively.

2. Amount of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of profit and loss is USD 28,212 and USD 4,095 respectively.

Acquisition Costs

Acquisition-related Costs amounting USD 212 are not included as a part of consideration transferred and have been recognised as expense in the consolidated profit and loss.

30 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023 is \$ 21 thousand (March 31, 2022: \$ 9).

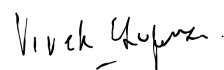
31 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between March 31, 2023 and the date of authorization of consolidated financial statements.

32 Authorization of Financial Statements

These consolidated financial statements for the year ended March 31, 2023 (including comparatives) were approved by the Board of Directors and authorised for issue on March 01, 2024.

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



Vivek Chopra
Chairman
March 01, 2024



Hiral Chandrana
Director
March 01, 2024