

Mastek, Inc.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in \$ '000, unless otherwise stated)

	Note	As at	
		March 31, 2024	March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment, net	3a(i)	161	193
Capital work-in-progress		-	8
Goodwill		1,25,712	1,03,515
Other intangible assets, net	3a(ii)	5,956	13,667
Right-of-use assets	3b	1,401	1,616
Financial assets			
Investment	4	30,025	1,500
Deferred tax assets, net	21(c)	4,795	1,705
Total non-current assets		1,68,050	1,22,204
Current assets			
Financial assets			
Trade receivables	5	27,111	13,148
Cash and cash equivalents	6	8,636	5,339
Other current assets	7	991	5,350
Total current assets		36,738	23,837
Total assets		2,04,788	1,46,041
EQUITY AND LIABILITIES			
Equity			
Share capital	8	71,350	71,350
Other equity	9	(6,246)	(8,193)
Total equity		65,104	63,157
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	10 (a)	47,177	26,273
Lease liabilities		-	1,030
Other financial liabilities	11	58,326	33,564
Total non-current liabilities		1,05,503	60,867
Current liabilities			
Financial liabilities			
Borrowings	10 (b)	1,606	6,052
Lease liabilities		1,563	727
Trade payables	12	24,604	7,705
Other current liabilities	13	6,011	6,112
Provisions	14	439	390
Current tax liabilities, net		(42)	1,031
Total current liabilities		34,181	22,017
Total liabilities		1,39,684	82,884
Total equity and liabilities		2,04,788	1,46,041

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

Mastek, Inc.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
 (All amounts in \$ '000, unless otherwise stated)

	Note	Year ended	
		March 31, 2024	March 31, 2023
Revenue	15	85,460	57,485
Employee benefits expenses	17	(42,514)	(27,432)
Depreciation and amortisation expenses	18	(1,745)	(3,149)
Other expenses	19	(45,268)	(31,247)
Operating loss		(4,066)	(4,343)
Other income	16	425	257
Finance costs	20	(4,276)	(2,049)
Loss before tax		(7,917)	(6,135)
Tax (expense)/ credit			
Current tax		1,098	(1,141)
Deferred tax		3,235	2,347
Reversal of excess provision for tax of earlier year		-	1
Total tax expense (net)		4,333	1,207
Net Loss after tax for the year		(3,584)	(4,928)
Other comprehensive income (OCI) for the year			
Items that will be reclassified to the statement of profit or loss in subsequent period			
Loss on foreign currency translation		(51)	(51)
Gain on Fair value of Investment		500	-
Tax on items that will not be reclassified		(146)	-
Total comprehensive loss for the year net of taxes		(3,281)	(4,979)
(Losses)/ earnings per share	21		
[Equity shares of par value March 31, 2024 : \$ 100 each (March 31, 2023 : \$ 100 each)]			
Basic and diluted (in \$)		\$ (5.02)	\$ (15.38)

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

Mastek, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities		
(Loss) / profit for the year	(7,917)	(6,135)
Adjustments:		
Provision for compensated absences	49	53
Rent Income	(391)	(254)
Finance cost	4,276	2,049
Depreciation and amortisation	1,745	3,149
Other non-operating income	(34)	(3)
Employee stock compensation expenses	417	224
	(1,855)	(917)
Changes in operating assets and liabilities		
(Increase)/ decrease in trade receivables	(13,963)	(5,881)
Decrease/ (increase) in other assets	4,359	(3,938)
Increase in trade and other payables, other liabilities and provisions	41,560	43,971
Cash (used in)/ generated from operating activities before taxes	30,101	33,235
Income taxes paid, net	170	(330)
Net cash (used in) / generated from operating activities	30,271	32,905
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	6,222	(15,557)
Investment in Subsidiary	(28,171)	(1,500)
Rent Income	391	254
Other non-operating income	34	3
Investment in Subsidiary	(19,261)	(90,253)
Net cash used in investing activities	(40,787)	(1,07,053)
Cash flows from financing activities		
Repayment of working capital loan		
Fresh Issue	-	50,000
Proceeds from borrowings	20,904	30,325
Repayment of borrowings	(4,446)	
Finance costs paid	(4,276)	(2,049)
Payment of lease liabilities	(194)	(560)
Employee stock compensation expenses	(417)	(224)
Net cash used in financing activities	11,572	77,491
Net (decrease) / increase in cash and cash equivalents during the year	1,056	3,343
Cash and cash equivalents at the beginning of the year	5,339	2,047
Cash and cash equivalents transferred pursuant to a scheme of arrangement		
Effect of exchange rate changes on Cash	2,241	(51)
Cash and cash equivalents at the end of the year	8,636	5,339

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 FINANCIAL POSITION

(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, 2023	71,350	(8,142)	(51)	63,157
Increase due to acquisition	-	2,936	-	2,936
Fresh Issue	-	-	-	-
Loss for the year	-	(3,584)	-	(3,584)
Other comprehensive income	-	354.00	2,241	2,595
Balance as at March 31, 2024	71,350	(8,436)	2,190	65,104
Balance as at April 1, 2022	21,350	(3,214)	(0)	18,137
Fresh Issue	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)	63,158

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2024

(\$ 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, 2024	% of voting power held as at March 31, 2023
Mastek UK, Holding Company	UK	100%	100%
Mastek Limited, Ultimate Holding Company	India	100%	100%

The details of subsidiaries including step-down subsidiaries considered in these consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2024	% of voting power held as at March 31, 2023
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, 2024 with comparative Statement of Financial Position as on March 31, 2023; the Statement of Profit and loss; the Statement of Changes in Equity; and the Statement of Cash Flows for the years ended March 31, 2024 with comparatives for the year ended March 31, 2023.

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, 2024

(\$ 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, 2024

(\$ 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

Mastek, Inc.

**Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended
March 31, 2024**

(\$ in '000, unless otherwise stated)

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, 2024

(\$ 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.

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2024

(\$ in '000, unless otherwise stated)

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, 2024

(\$ 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 reporting

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.

Mastek, Inc.

Significant accounting policies and notes forming part of the consolidated financial statements as at and for the year ended March 31, 2024

(\$ in '000, unless otherwise stated)

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, 2024**

(\$ 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 less

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

(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, 2024

(\$ 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, 2024

(\$ 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 are

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, 2024

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

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

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

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

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

(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, 2024

(\$ 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Non Current Assets

	As at	
	March 31, 2024	March 31, 2023
4 Investment		
Investment in share warrant at FVOCI fully paid (unquoted)		
Investment in Volteo Edge*	30,025	1,500
	30,025	1,500

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

	As at	
	March 31, 2024	March 31, 2023
5 Trade receivables		
Trade receivables, gross from related party [refer note 23(iii)]	6,194	3,082
Trade receivables, gross from others	22,312	11,464
Less: Allowance for expected credit losses (on receivables from others)	(1,395)	(1,398)
	27,111	13,148

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, 2024	March 31, 2023
6 Cash and cash equivalents		
Cash and cash equivalents		
Cash on hand	-	-
Bank balances - in current bank accounts	8,636	5,339
	8,636	5,339

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, 2024	March 31, 2023
7 Other current assets		
Prepaid expenses	179	108
Security deposits	247	243
Contract asset [refer note 2(e)(xiii)]	-	4,872
Advances to employees	29	35
Advances to suppliers	536	92
	991	5,350

Note:

i) Refer note 26 for information on credit risk and market risk.

	As at	
	March 31, 2024	March 31, 2023
8 Equity share capital		
Authorised:		
1,000,000 (March 31, 2021: 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, 2023: 713,500 of \$ 100 each) equity shares of \$ 100 each fully paid	71,350	21,350
New issue	-	50,000
Share Application Money pending allotment		
	71,350	71,350

Mastek, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	As at	
	March 31, 2024	March 31, 2023
9 Other equity		
a) Retained earnings (All net gains and losses and transactions with owners including prior year's undistributed earning after taxes)	(8,436)	(8,142)
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.	2,190	(51)
	(6,246)	(8,193)

	As at	
	March 31, 2024	March 31, 2023
10 (a) Borrowings		
Secured		
Term loans from Bank*	47,177	26,273
	47,177	26,273

	As at	
	March 31, 2024	March 31, 2023
10 (b) Borrowings		
Unsecured		
Loan from related party, interest free and repayable on demand [refer note 23(iii)]	1,606	2,302
Secured		
Current Maturities of term loan from bank (refer note 10 above, for security)		3,750
	1,606	6,052

Mastek, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

		As at	
		March 31, 2024	March 31, 2023
11 Other financial liabilities			
	Contingent consideration payable (Refer Note no. 29)	58,326	33,564
		58,326	33,564

		As at	
		March 31, 2024	March 31, 2023
12 Trade payables			
	Trade payables	24,604	7,705
		24,604	7,705

Notes:

i) All amounts are short-term. The carrying values of trade payables are considered to be a reasonable approximation of fair value.

ii) Out of total trade payable \$ 21,394 (March 31, 2023: \$ 6,523) amount payable to relate party [refer note 23(iii)]

		As at	
		March 31, 2024	March 31, 2023
13 Other current liabilities			
	Statutory dues	270	334
	Employee benefits payable	1,595	150
	Accrued expenses	3,978	5,561
	Other deposits	31	34
	Contract liabilities [refer note (ii) below]	137	34
		6,011	6,112

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.

		As at	
		March 31, 2024	March 31, 2023
14 Provisions			
	Provision for employee benefits		
	Provision for compensated absences	439	390
		439	390