

## Strategic Report

The Directors present their Strategic Report for the year ended 31st March, 2020.

### Key Performance Indicators

| Year Ended March 31,     | £ (million)  |       |
|--------------------------|--------------|-------|
|                          | 2020         | 2019  |
| <b>Total Revenue</b>     | <b>49.82</b> | 49.11 |
| <b>Cost of Sales</b>     | <b>43.76</b> | 41.53 |
| <b>Gross Profit</b>      | <b>6.06</b>  | 7.57  |
| <b>Profit before Tax</b> | <b>1.39</b>  | 1.64  |
| <b>Profit after Tax</b>  | <b>1.23</b>  | 1.57  |

### Business review

In 2019-20, the Company achieved a revenue of GBP 49.82 million while the net profit was GBP 1.23 million. The Company saw good growth in existing large accounts and significant wins and increasing traction in select technology offerings such as Application development and maintenance, Customer experience and Manufacturing execution systems and in select industry verticals such as Banking, Financial services and Consumer packaged goods. The Company's performance was well aligned to the strategic themes of Client Centricity, Employee Centricity and Operational Excellence. The Company's performance wasn't significantly impacted in 2019-20 due to lockdown effects of the Coronavirus (COVID-19).

### Future Outlook

The Company will sharpen its focus on mining and growing existing large accounts. The Company will continue to shape well defined offerings aligned to the theme

### Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March 2020.

The Company is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India.

### Principal activities

The Company is engaged in providing information technology services to enterprise clients.

### Financial risk management objectives and policies

The objective of financial risk management is to protect the value of the Company's financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, interest rate and foreign currency exposures.

The existence of financial assets exposes the Company to a number of financial risks. The main risks are market risk due to currency risk, credit risk and liquidity risk.

#### a) Market risk - currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major supplier(s), 19% (2019: 14%) of its sales in the year under review were in US dollars and 7% (2019: 8%) in Euro. The Company has bank accounts in multiple currencies. The Company reviews its foreign exchange management processes on a regular basis and ensures that fund flow position is maintained in a manner to minimize foreign exchange fluctuations.

#### b) Credit risk

The Company's principal financial assets are cash and trade debtors. The Company has robust processes to assess customer credit worthiness and consequently there are no significant risks on this count.

#### c) Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

### Directors

Mr. Y. C. Deveshwar, Chairman and Director of the Company, passed away on 11th May, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Company. In terms of Article 19 of Articles of Association, Mr. S. Puri took over as the Chairman of the Company with effect from 17th May, 2019, consequent to his appointment as the Chairman of ITC Infotech India Limited, the holding company.

The Directors in office at the end of the year are listed below. All the Directors, except (Late) Mr. Y. C. Deveshwar, served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2020 and 1st April, 2019 as indicated below:

31st March 2020 and 1st April 2019  
Ordinary Shares

|                                       |   |
|---------------------------------------|---|
| Y. C. Deveshwar (upto 11th May, 2019) | - |
| S. Puri                               | - |
| S. Sivakumar                          | - |
| B. B. Chatterjee                      | - |
| S. Singh                              | - |
| R. Tandon                             | - |

Mr. S. Sivakumar, Vice Chairman & Director and Mr. R. Tandon, Director, will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

### Equal Opportunities for Employees

The Company believes that people are our most valuable asset and will give our business a distinct competitive advantage. Our people strategies are designed to enable our employees to enhance their professional skills and actualise their potential. The Company is committed to building a work culture that will enable people to derive the maximum professional satisfaction and help them harness their potential in achieving individual and organisational skills.

The Company is an equal opportunity employer and all positions within the Company are open to all regardless of sex, race, religion, colour or marital status. This also covers opportunities for promotion within ITC Infotech. The Company continues to be guided by its values of Customer focus, Respect for People, Excellence, Abounding Innovation, Trusteeship and Ethical Corporate Citizenship.

### Business Relationships

As stated in the Strategic Report, the Company is focussed on achieving growth through well defined offerings aligned to the theme of delivering Business Friendly Solutions to select industry verticals. Strengthening alliances with a select set of Software Vendors and while forming and nurturing new partnerships with emerging, future ready Software Vendors will continue to be an important focus area of the Company.

of delivering Business Friendly Solutions to select industry verticals. Strengthening alliances with a select set of Software Vendors and forming and nurturing new partnerships with emerging, future ready Software Vendors will continue to be an important focus area of the Company. The Company has strong relationships with a diversified portfolio of robust Enterprise clients to withstand the impact due to COVID-19 and remain a healthy going concern.

### Principal Risks and Uncertainties

The business impact on Enterprise clients in the Company's focus industry verticals due to COVID-19 is a key risk for the Company. The lockdown and other restrictions imposed by the UK and other European governments has had significant impact on the operations of some of the Company's clients in sectors such as Travel and Hospitality. In addition, the volatility around British Pound and Euro due to COVID-19 and the post Brexit uncertainties in the UK are also risks for the Company. The Company continues to take all necessary and pro-active steps to ensure the safety of its employees, to provide uninterrupted delivery of services to its clients and to minimize the impact of COVID-19 on the Company's performance in 2020-21. The Company will offset the impact in business from certain clients in industry verticals that are heavily impacted by the lockdown due to COVID-19 such as Travel and Hospitality by mining and growing other existing large accounts. The Company will focus on the stated strategy to grow the business in the European markets, which present a significant growth opportunity. Please refer to Directors' Report and para 2(c) under notes to the Financial Statements for impact assessment of COVID-19 and going concern.

### Approved by the Board on 10th June, 2020 and signed on behalf of the Board by

|               |          |  |
|---------------|----------|--|
| S. Sivakumar  | S. Singh | ITC Infotech Limited   |
| Vice Chairman | Director | Building 5,<br>Caldecotte Lake Drive, Caldecotte,<br>Milton Keynes, Buckinghamshire<br>MK7 8LF |

### Impact of COVID-19 and Going Concern

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues etc, and on the Going Concern status of the Company.

#### Carrying value of assets

For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any material impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

#### Going Concern

For its day-to-day working capital requirements, the Company uses its cash reserves and borrowings, when required. In this context, the key factors considered in assessing the going concern status of the Company are:

1. The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
2. The results of the forecasts and projections prepared by the Company covering the period to 30th September, 2021 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves. These projections were sensitised to reflect the impact of severe but plausible worse case scenarios, which concluded that the Company will be able to manage within their existing cash reserves and overdraft facility. The parent company has also agreed to extend the terms for payment for up to 120 days for amounts due in respect of the transfer pricing agreement, if required.
3. The existence of an overdraft facility with HSBC, which is an uncommitted facility, is scheduled for review on an annual basis and has been renewed post-COVID-19 until 1st June, 2021. The Directors expect this facility would be renewed again next year in the normal course of business.

Additionally, the Company's post year end collections from customers has exceeded the forecasted cash flow projections for both April and May 2020, which the Directors consider provides positive evidence related to the Company's assessment of expected future cash flow projections. The year-to-date cash collections in FY 21 have been higher than the corresponding cash collections in FY 20.

Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further parent company support, as they consider the likelihood of such critical events (e.g. significant payment delays by customers) to be remote, given the profile of the Company's customer base. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company, if it is required to do so. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Directors' Confirmation

Each of the Directors, whose names are listed in Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the

business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

#### Disclosure of Information to Auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Independent auditors' report to the members of ITC Infotech Limited Report on the audit of the financial statements

##### Opinion

In our opinion, ITC Infotech Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

##### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Approved by the Board on 10th June, 2020 and signed on behalf of the Board by

|                               |                      |  |
|-------------------------------|----------------------|--|
| S. Sivakumar<br>Vice Chairman | S. Singh<br>Director | ITC Infotech Limited<br>Building 5,<br>Caldecotte Lake Drive, Caldecotte,<br>Milton Keynes, Buckinghamshire<br>MK7 8LF |
|-------------------------------|----------------------|--|

##### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

##### Responsibilities for the financial statements and the audit

###### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 104, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

###### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

###### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### Other required reporting

###### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jas Khela (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Milton Keynes

18th June 2020

#### Income Statement

|  |    | Year ended March 31, |                      |              |                 |
|--|----|----------------------|----------------------|--------------|-----------------|
|  |    | 2020<br>£            | 2020<br>₹            | 2019<br>£    | 2019<br>₹       |
|  |    | Unaudited            |                      | Unaudited    |                 |
| Revenue                                      |    |                      |                      |              |                 |
| -Sale of Services                            |    | 49,505,537           | 4,628,767,693        | 48,948,243   | 4,431,284,414   |
| -Resale of Software/Hardware                 |    | 316,130              | 29,558,142           | 158,720      | 14,368,922      |
| <b>Total Revenue</b>                         | 13 | <b>49,821,667</b>    | <b>4,658,325,835</b> | 49,106,963   | 4,445,653,336   |
| Cost of sales                                | 14 | (43,762,871)         | (4,091,828,421)      | (41,533,169) | (3,759,997,770) |
| <b>Gross profit</b>                          |    | <b>6,058,796</b>     | <b>566,497,414</b>   | 7,573,794    | 685,655,566     |
| Selling, general and administrative expenses | 14 | (4,985,343)          | (466,129,554)        | (5,844,094)  | (529,065,823)   |
| <b>Operating Profit</b>                      |    | <b>1,073,453</b>     | <b>100,367,860</b>   | 1,729,700    | 156,589,743     |
| Foreign exchange gain/(loss)                 |    | 304,966              | 28,514,295           | (95,232)     | (8,621,351)     |
| Finance and other income                     | 16 | 9,529                | 890,944              | 10,149       | 918,790         |
| <b>Profit before income tax</b>              |    | <b>1,387,948</b>     | <b>129,773,099</b>   | 1,644,617    | 148,887,182     |
| Income tax expense                           | 11 | (158,394)            | (14,809,781)         | (75,527)     | (6,837,459)     |
| <b>Profit for the year</b>                   |    | <b>1,229,554</b>     | <b>114,963,318</b>   | 1,569,090    | 142,049,723     |

All the above results relate to continuing activities.

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

## Statement of Comprehensive Income

|   | Year ended March 31, |                        |                  |                        |
|---|----------------------|------------------------|------------------|------------------------|
|   | 2020<br>£            | 2020<br>₹<br>Unaudited | 2019<br>£        | 2019<br>₹<br>Unaudited |
| Profit for the year   | 1,229,554            | 114,963,318            | 1,569,090        | 142,049,723            |
| Translation reserve   | -                    | -                      | 67,336           | 6,095,928              |
| <b>Total other comprehensive income/(expense), net of tax</b> | -                    | -                      | 67,336           | 6,095,928              |
| <b>Total comprehensive income for the year</b>                | <b>1,229,554</b>     | <b>114,963,318</b>     | <b>1,636,426</b> | <b>148,145,651</b>     |
| <b>Attributable to:</b>                                       |                      |                        |                  |                        |
| Owners of the Company   | 1,229,554            | 114,963,318            | 1,636,426        | 148,145,651            |
|   | <u>1,229,554</u>     | <u>114,963,318</u>     | <u>1,636,426</u> | <u>148,145,651</u>     |

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

## Statement of Financial Position

Company Reg No. - 02777705

|  | Note | As at              |                                 | As at              |                                 |
|--|------|--------------------|---------------------------------|--------------------|---------------------------------|
|  |      | 31 March 2020<br>£ | 31 March 2020<br>₹<br>Unaudited | 31 March 2019<br>£ | 31 March 2019<br>₹<br>Unaudited |
| <b>Assets</b>                                |      |                    |                                 |                    |                                 |
| Property, plant and equipment                | 4    | 247,782            | 23,167,864                      | 217,905            | 19,726,780                      |
| Other non-current assets                     | 7    | 7,138              | 667,403                         | 16,759             | 1,517,192                       |
| Right-of-Use Asset                           | 17   | 294,733            | 27,557,536                      | -                  | -                               |
| <b>Total non-current assets</b>              |      | <b>549,653</b>     | <b>51,392,803</b>               | <b>234,664</b>     | <b>21,243,972</b>               |
| Current tax Asset                            |      | 26,814             | 2,507,109                       | 44,405             | 4,019,985                       |
| Trade receivables                            | 5    | 7,734,166          | 723,144,520                     | 8,496,902          | 769,224,538                     |
| Unbilled revenue                             | 5    | 5,107,836          | 477,582,662                     | 3,994,925          | 361,660,560                     |
| Other current assets                         | 7    | 148,885            | 13,920,748                      | 130,684            | 11,830,823                      |
| Cash and cash equivalents                    | 6    | 2,318,423          | 216,772,551                     | 1,870,936          | 169,375,836                     |
| <b>Total current assets</b>                  |      | <b>15,336,124</b>  | <b>1,433,927,589</b>            | <b>14,537,852</b>  | <b>1,316,111,742</b>            |
| <b>Total assets</b>                          |      | <b>15,885,777</b>  | <b>1,485,320,392</b>            | <b>14,772,516</b>  | <b>1,337,355,714</b>            |
| <b>Equity</b>                                |      |                    |                                 |                    |                                 |
| Share Capital                                | 12   | 685,815            | 64,123,703                      | 685,815            | 62,086,832                      |
| Retained earnings                            |      | 5,844,478          | 546,458,647                     | 4,614,923          | 417,817,636                     |
| Equity attributable to owners of the company |      | 6,530,293          | 610,582,350                     | 5,300,738          | 479,904,468                     |
| Non-controlling interests                    |      | -                  | -                               | -                  | -                               |
| <b>Total equity</b>                          |      | <b>6,530,293</b>   | <b>610,582,350</b>              | <b>5,300,738</b>   | <b>479,904,468</b>              |
| Non Current - Lease Liability                | 17   | 233,283            | 21,811,948                      | -                  | -                               |
| Deferred income tax Liability                | 11   | 33,590             | 3,140,666                       | 30,393             | 2,751,478                       |
| <b>Total Non Current Liabilities</b>         |      | <b>266,873</b>     | <b>24,952,614</b>               | <b>30,393</b>      | <b>2,751,478</b>                |
| Trade payables and accrued expenses          | 8    | 6,422,656          | 600,518,589                     | 6,287,462          | 569,175,028                     |
| Unearned revenue                             |      | 402,471            | 37,631,039                      | 107,798            | 9,758,953                       |
| Current - Lease Liability                    | 17   | 80,305             | 7,508,471                       | -                  | -                               |
| Other current liabilities                    | 9    | 2,183,180          | 204,127,330                     | 3,046,126          | 275,765,787                     |
| <b>Total current liabilities</b>             |      | <b>9,088,612</b>   | <b>849,785,428</b>              | <b>9,441,386</b>   | <b>854,699,768</b>              |
| <b>Total liabilities</b>                     |      | <b>9,355,484</b>   | <b>874,738,042</b>              | <b>9,471,779</b>   | <b>857,451,246</b>              |
| <b>Total equity and liabilities</b>          |      | <b>15,885,777</b>  | <b>1,485,320,392</b>            | <b>14,772,516</b>  | <b>1,337,355,714</b>            |

These financial statements on pages 105 to 116 were approved by the directors on 10th June, 2020 and are signed on their behalf by:

|                                   |   |                                |                                      |
|-----------------------------------|---|--------------------------------|--------------------------------------|
| <b>H. S. Garewal</b><br>President | <b>Karan Shukla</b><br>Financial Controller | <b>Sudip Singh</b><br>Director | <b>S. Sivakumar</b><br>Vice Chairman |
|-----------------------------------|---|--------------------------------|--------------------------------------|

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

## Statement of Changes in Equity for the year ended 31st March 2020

|  | No. of Shares |         | Share Capital |           | Retained Earnings |           | Total equity |           | Total equity |   |
|--|---------------|---------|---------------|-----------|-------------------|-----------|--------------|-----------|--------------|---|
|  | £             | ₹       | £             | ₹         | £                 | ₹         | £            | ₹         | £            | ₹ |
|  |               |         | Unaudited     |           | Unaudited         |           | Unaudited    |           | Unaudited    |   |
| Balance as at April 1, 2018                    | 685,815       | 685,815 | 62,086,832    | 2,978,497 | 269,671,985       | 3,664,312 | 331,758,817  | 3664,312  | 331,758,817  |   |
| Profit for the year                            | -             | -       | -             | 1,569,090 | 142,049,723       | 1,569,090 | 142,049,723  | 1,569,090 | 142,049,723  |   |
| Other comprehensive income                     | -             | -       | -             | 67,336    | 6,095,928         | 67,336    | 6,095,928    | 67,336    | 6,095,928    |   |
| <b>Total comprehensive income for the year</b> | -             | -       | -             | 1,636,426 | 148,145,651       | 1,636,426 | 148,145,651  | 1,636,426 | 148,145,651  |   |
| Balance as at March 31, 2019                   | 685,815       | 685,815 | 62,086,832    | 4,614,923 | 417,817,636       | 5,300,738 | 479,904,468  | 5,300,738 | 479,904,468  |   |
| Balance as at April 1, 2019                    | 685,815       | 685,815 | 64,123,703    | 4,614,923 | 431,495,329       | 5,300,738 | 495,619,032  | 5,300,738 | 495,619,032  |   |
| Profit for the year                            | -             | -       | -             | 1,229,554 | 114,963,318       | 1,229,554 | 114,963,318  | 1,229,554 | 114,963,318  |   |
| Other comprehensive income                     | -             | -       | -             | -         | -                 | -         | -            | -         | -            |   |
| <b>Total comprehensive income for the year</b> | -             | -       | -             | 1,229,554 | 114,963,318       | 1,229,554 | 114,963,318  | 1,229,554 | 114,963,318  |   |
| Balance as at March 31, 2020                   | 685,815       | 685,815 | 64,123,703    | 5,844,478 | 546,458,647       | 6,530,293 | 610,582,350  | 6,530,293 | 610,582,350  |   |

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

## Statement of Cash Flows

|   | 2020        |               | Year ended March 31, 2019 |               |
|---|-------------|---------------|---------------------------|---------------|
|   | £           | ₹             | £                         | ₹             |
|   | Unaudited   |               | Unaudited                 |               |
| <b>Cash flows from operating activities</b>   |             |               |                           |               |
| <b>Profit for the year</b>  | 1,229,554   | 114,963,318   | 1,569,090                 | 142,049,723   |
| Adjustment for:   |             |               |                           |               |
| Depreciation  | 42,988      | 4,019,419     | 10,553                    | 955,319       |
| Loss on disposal of asset   | -           | -             | 25                        | 2,263         |
| Lease Liability (Net Amount)  | 18,590      | 1,738,165     |                           |               |
| Interest income   | (9,529)     | (890,944)     | (8,359)                   | (756,741)     |
| Income tax expense  | 158,394     | 14,809,781    | 75,527                    | 6,837,459     |
| Effect of exchange differences on translation   | -           | -             | 67,336                    | 6,095,928     |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 13,720      | 1,282,835     | 18,685                    | 1,691,553     |
| <i>Changes in operating assets and liabilities</i>  |             |               |                           |               |
| Trade receivables   | 762,736     | 71,315,862    | (2,577,550)               | (233,345,578) |
| Unbilled revenues   | (1,112,911) | (104,057,217) | 1,298,424                 | 117,546,297   |
| Other assets  | (8,580)     | (802,224)     | (58,005)                  | (5,251,158)   |
| Trade payables and accrued expenses   | 135,461     | 12,665,613    | 1,129,925                 | 102,292,135   |
| Unearned revenues   | 294,673     | 27,551,942    | (46,991)                  | (4,254,053)   |
| Other liabilities   | (862,946)   | (80,685,458)  | 809,976                   | 73,327,212    |
| <b>Net cash provided by operating activities before taxes</b>                               | 662,151     | 61,911,092    | 2,288,636                 | 207,190,359   |
| Income tax paid   | (137,605)   | (12,866,050)  | (63,746)                  | (5,770,964)   |
| <b>Net cash generated from operating activities</b>   | 524,546     | 49,045,042    | 2,224,890                 | 201,419,395   |
| <b>Cash flows from investing activities</b>   |             |               |                           |               |
| Purchases of property, plant and equipment  | (72,867)    | (6,813,056)   | (220,157)                 | (19,930,827)  |
| Interest received   | 9,529       | 890,944       | 8,359                     | 756,741       |
| <b>Net cash used in investing activities</b>  | (63,338)    | (5,922,112)   | (211,798)                 | (19,174,086)  |
| <b>Cash flows from financing activities</b>   |             |               |                           |               |
| Dividends paid to owners of the parent  | -           | -             | -                         | -             |
| <b>Net cash used in financing activities</b>  | -           | -             | -                         | -             |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (13,720)    | (1,282,835)   | (18,685)                  | (1,691,553)   |
| <b>Net increase in cash and cash equivalents</b>  | 461,207     | 43,122,837    | 2,013,092                 | 182,245,129   |
| Cash and cash equivalents at beginning of the year  | 1,870,936   | 174,932,549   | (123,471)                 | (11,177,740)  |
| <b>Cash and cash equivalents at end of the year (Note 6)</b>                                | 2,318,423   | 216,772,551   | 1,870,936                 | 169,375,836   |

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

The accompanying notes on pages 108 to 116 form an integral part of these financial statements.

## Notes to the financial statements

### Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with International Financial Reporting Standards and are presented in GBP. The supplementary information (comprising the pro-forma financial information disclosed in Indian Rupees) requested by the parent company has been arrived at by applying the year end interbank exchange rate of £1 = ₹ 93.50(2019: £1 = ₹ 90.53) as provided by the parent company. The supplementary information has not been audited.

#### 1. Company overview

The Company is engaged in providing information technology services to enterprise clients.

The Company is a private limited company incorporated and registered in United Kingdom and has its registered office at Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire, England, United Kingdom, MK7 8LF.

#### 2. Basis of preparation of financial statements

##### (a) Statement of compliance

These financial statements as at and for the year ended March 31, 2020 have been prepared in accordance with The Companies Act 2006 as applicable to companies using European Union adopted International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

##### (b) Basis of measurement

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable IFRS. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### (c) Impact of COVID-19 & Going Concern

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues etc, and on the Going Concern status of the Company.

##### Carrying value of assets

For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any material impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

##### Going Concern

For its day-to-day working capital requirements, the Company uses its cash reserves and borrowings, when required. In this context, the key factors considered in assessing the going concern status of the Company are:

- The transfer pricing arrangements with its parent company, whereby the Company will earn a minimum return on relevant costs.
- The results of the forecasts and projections prepared by the Company covering the period to 30 September 2021 which, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves.
 

These projections were sensitised to reflect the impact of severe but plausible worse case scenarios, which concluded that the Company will be able to manage within their existing cash reserves and overdraft facility. The parent company has also agreed to extend the terms of payment for up to 120 days for amounts due in respect of the transfer pricing agreement, if required.
- The existence of an overdraft facility with HSBC, which is an uncommitted facility is scheduled for review on an annual basis and has been renewed post-COVID until 1 June 2021. The Directors expect this facility would be renewed again next year in the normal course of business.

Additionally, the Company's post year end collections from customers has exceeded the forecasted cash flow projections for both April and May 2020, which the Directors consider provides positive evidence related to the Company's assessment of expected future cash flow projections. The year-to-date cash collections in FY21 have been higher than the corresponding cash collections in FY20.

Based on the above, the Directors are confident, after making enquiries, that the cashflow projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further parent company support, as they consider the likelihood of such critical events (e.g. significant payment delays by customers) to be remote, given the profile of the Company's customer base. In any event, the Directors are confident that the parent company would make available financial resources required to support the going concern status of the Company, if it was required to do so. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### (d) Functional and presentation currency

The financial statements are presented in British pound, which is the functional currency of the company which is the currency of the primary economic environment in which the entity operates.

##### (e) Use of estimates and judgments

The preparation of 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 financial statements is included in the following notes:

- Revenue recognition:** The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognised revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the year in which the loss becomes probable. Unbilled revenues represent amounts recognised based on services performed in advance of billing in accordance with contract terms. The Company recognises unbilled revenues based on underlying contractual documents for services rendered, further evidenced by timesheet approval where applicable.
- Other estimates:** The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities and the reported amount of revenues and expenses for the reporting period. None of these are deemed significant enough to warrant further disclosure.

#### 3. Significant accounting policies

##### Financial instruments

Non derivative financial instruments of the Company comprise of trade and other receivables and trade and other liabilities.

There are no derivative financial instruments.

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

##### (i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Trade and other receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Credit is extended to customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible. The Company recognises provision for expected credit loss on an individual customer basis, based on risk assessment, which are conducted regularly and considers all aspects with respect to debts such as invoice ageing, credit information, etc.

In calculating expected credit loss, in view of the pandemic relating to COVID -19, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the COVID - 19 scenario. Refer to note 5 for carrying values.

Trade and other receivables are represented by trade receivables, unbilled revenue, employee loans and other advances.

##### (ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which are unrestricted for withdrawal and usage.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system.

**Notes to the financial statements (Contd.)****(iii) Trade and other payables**

Trade and other payables are presented as current liabilities, except for those maturing later than 12 months after the reporting date which are presented as non-current liabilities. Trade and other payables are initially recognised at fair value, and subsequently carried at amortized cost using the effective interest method.

**Revenue**

Revenue is recognised at fair value of amounts received or receivable for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as value added tax. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

**a) Time and materials contracts**

Revenue is recognised from services performed on a “time and material” basis, as and when the services are performed.

**b) Fixed-price contracts**

Revenue is recognised from services performed on “time bound fixed-price engagements” based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

**c) Amounts received or billed in advance of services performed are treated as ‘unearned revenue’ (contract liability).****d) ‘Unbilled revenue’ (contract asset) represents amounts recognised based on services performed in advance of billing in accordance with contract terms.****e) Revenue is recognised from trading in software packages / licenses / hardware upon delivery to customer.****Property, plant and equipment**

All fixed assets are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Deposits and advances paid towards the acquisition of fixed assets outstanding as of each reporting date and the cost of fixed assets not available for use before such date are disclosed under capital work-in-progress.

**Depreciation**

The Company depreciates fixed assets over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. The estimated useful lives of assets for the current and comparative period of significant items of fixed assets are as follows:

| Category               | Useful life |
|------------------------|-------------|
| Leasehold improvements | 10 years    |
| Fixtures & fittings    | 4 years     |
| Computer equipment     | 4 years     |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**Income tax**

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of income except to the extent it relates to items directly recognised in equity or in other comprehensive income.

**a) Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period.

**b) Deferred income tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except that gains and losses arising from the retranslation of the opening retained earnings in overseas branches are adjusted against the reserves.

**Employee Benefits**

The employer and employees each make periodic contributions to the pension fund equal to a specified percentage of the covered employee's salary. It is a defined contribution plan. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service.

**Adoption of New Accounting Standard – IFRS 16 Leases****As a Lessee**

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight-line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

The amount of ROU Asset and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 17. The total cash outflow for leases for the year is £151,955 (including payments in respect short-term leases and lease of low value of assets of £85,116)

The undiscounted potential future cash outflows of £392,648 have not been included in measurement of liabilities on exercising the extension/termination options.

**As a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

**New Standards, interpretation and amendments not yet effective**

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## Notes to the financial statements (Contd.)

## 4. Property, plant and equipment

|   | Leasehold improvements |             | Computer equipment |             | Fixtures & fittings |             | Total    |             |
|---|------------------------|-------------|--------------------|-------------|---------------------|-------------|----------|-------------|
|   | £                      | ₹           | £                  | ₹           | £                   | ₹           | £        | ₹           |
|   |                        | Unaudited   |                    | Unaudited   |                     | Unaudited   |          | Unaudited   |
| <b>Gross carrying value:</b>            |                        |             |                    |             |                     |             |          |             |
| As at 1 April 2018                      | 52,300                 | 4,734,719   | 85,976             | 7,783,407   | 37,153              | 3,363,461   | 175,429  | 15,881,587  |
| Additions                               | 144,192                | 13,053,722  | 26,118             | 2,364,463   | 49,847              | 4,512,642   | 220,157  | 19,930,827  |
| Disposal / adjustments                  | (55,727)               | (5,044,996) | (13,319)           | (1,205,769) | (18,045)            | (1,633,614) | (87,091) | (7,884,379) |
| As at March 31, 2019                    | 140,765                | 12,743,445  | 98,775             | 8,942,101   | 68,955              | 6,242,489   | 308,495  | 27,928,035  |
| <b>Accumulated depreciation:</b>        |                        |             |                    |             |                     |             |          |             |
| As at 1 April 2018                      | 52,300                 | 4,734,719   | 78,687             | 7,123,534   | 36,118              | 3,269,763   | 167,105  | 15,128,016  |
| Depreciation                            | 1,202                  | 108,773     | 8,226              | 744,700     | 1,125               | 101,846     | 10,553   | 955,319     |
| Disposal / adjustments                  | (55,727)               | (5,044,960) | (13,294)           | (1,203,506) | (18,045)            | (1,633,614) | (87,066) | (7,882,080) |
| As at March 31, 2019                    | (2,225)                | (201,468)   | 73,619             | 6,664,728   | 19,198              | 1,737,995   | 90,592   | 8,201,255   |
| Net carrying value as at March 31, 2019 | 142,990                | 12,944,913  | 25,156             | 2,277,373   | 49,757              | 4,504,494   | 217,905  | 19,726,780  |
| <b>Gross carrying value:</b>            |                        |             |                    |             |                     |             |          |             |
| As at 1 April 2019                      | 140,765                | 13,161,516  | 98,775             | 9,235,463   | 68,955              | 6,447,285   | 308,495  | 28,844,421  |
| Reallocation/Reclassification           | 3,427                  | 320,398     | 949                | 88,750      | (4,376)             | (409,149)   | -        | -           |
| Additions                               | 3,637                  | 340,102     | 69,229             | 6,472,954   | -                   | -           | 72,867   | 6,813,056   |
| Disposal / adjustments                  | -                      | -           | (34,739)           | (3,248,097) | (8,355)             | (781,193)   | (43,094) | (4,029,290) |
| As at March 31, 2020                    | 147,829                | 13,822,016  | 134,215            | 12,549,070  | 56,224              | 5,256,943   | 338,268  | 31,628,187  |
| <b>Accumulated depreciation:</b>        |                        |             |                    |             |                     |             |          |             |
| As at 1 April 2019                      | (2,225)                | (208,078)   | 73,619             | 6,883,377   | 19,198              | 1,795,013   | 90,592   | 8,470,312   |
| Reallocation/Reclassification           | 3,427                  | 320,465     | -                  | -           | (3,427)             | (320,465)   | -        | -           |
| Depreciation                            | 14,716                 | 1,375,946   | 15,811             | 1,478,329   | 12,461              | 1,165,144   | 42,988   | 4,019,419   |
| Disposal / adjustments                  | -                      | -           | (34,739)           | (3,248,097) | (8,355)             | (781,193)   | (43,094) | (4,029,290) |
| As at March 31, 2020                    | 15,918                 | 1,488,333   | 54,691             | 5,113,609   | 19,877              | 1,858,499   | 90,486   | 8,460,441   |
| Net carrying value as at March 31, 2020 | 131,911                | 12,333,683  | 79,524             | 7,435,461   | 36,347              | 3,398,444   | 247,782  | 23,167,864  |

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

## 5. Trade receivables

|  | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹<br>Unaudited | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹<br>Unaudited |
|--|-----------------------------|--|-----------------------------|--|
| Trade Receivables                            | 7,734,166                   | 723,144,520                              | 8,496,902                   | 769,224,538                              |
| Unbilled Revenue                             |                             |  |                             |  |
| - Time & Material                            | 3,631,024                   | 339,500,717                              | 3,356,606                   | 303,873,541                              |
| -Fixed Price contracts based on % Completion | 1,476,812                   | 138,081,945                              | 638,319                     | 57,787,019                               |
| <b>Total</b>                                 | <b>12,842,002</b>           | <b>1,200,727,182</b>                     | <b>12,491,827</b>           | <b>1,130,885,098</b>                     |

A provision of £159,359 (2019: NIL) against Trade Receivables is included in the figures above. Unbilled Revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms, (refer to note 2(d)(i) for further details):

- a) in a Time & Material Contract – Right to consideration from customer that is unconditional upon passage of time
- b) in a Milestone Contract - Contractual right to consideration is dependent on completion of contractual milestones.

For receivables from group companies, please refer to Note 18

## 6. Cash and cash equivalents

Cash and Cash equivalents consist of the following:

|   | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹<br>Unaudited | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹<br>Unaudited |
|---|-----------------------------|--|-----------------------------|--|
| Cash balances   | -                           | -  | 89                          | 8,057                                    |
| Cash at bank  | 2,318,423                   | 216,772,551                              | 1,870,847                   | 169,367,779                              |
| <b>Cash and cash equivalents on statement of financial position</b> | <b>2,318,423</b>            | <b>216,772,551</b>                       | <b>1,870,936</b>            | <b>169,375,836</b>                       |
| <b>Cash and cash equivalents in the cash flow statement</b>         | <b>2,318,423</b>            | <b>216,772,551</b>                       | <b>1,870,936</b>            | <b>169,375,836</b>                       |

## 7. Other Assets

|                                 | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹<br>Unaudited | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹<br>Unaudited |
|---------------------------------|-----------------------------|--|-----------------------------|--|
| <b>Non-current</b>              |                             |  |                             |  |
| Security deposits               | 2,038                       | 190,553                                  | 198                         | 17,925                                   |
| Loans and Advances to employees | 5,100                       | 476,850                                  | 16,561                      | 1,499,267                                |
|                                 | 7,138                       | 667,403                                  | 16,759                      | 1,517,192                                |
| <b>Current</b>                  |                             |  |                             |  |
| Prepaid Expenses                | 48,400                      | 4,525,400                                | 79,792                      | 7,223,570                                |
| Loans and Advances to Employees | 99,009                      | 9,257,342                                | 49,416                      | 4,473,631                                |
| Others                          | 1,476                       | 138,006                                  | 1,476                       | 133,622                                  |
|                                 | 148,885                     | 13,920,748                               | 130,684                     | 11,830,823                               |
| <b>Total</b>                    | <b>156,023</b>              | <b>14,588,151</b>                        | <b>147,443</b>              | <b>13,348,015</b>                        |

## Notes to the financial statements (Contd.)

## 8. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

|                  | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹<br>Unaudited | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹<br>Unaudited |
|------------------|-----------------------------|--|-----------------------------|--|
| Trade payables   | 5,711,706                   | 534,044,419                              | 5,134,098                   | 464,789,774                              |
| Accrued expenses | 710,950                     | 66,474,170                               | 1,153,364                   | 104,385,254                              |
| <b>Total</b>     | <b>6,422,656</b>            | <b>600,518,589</b>                       | <b>6,287,462</b>            | <b>569,175,028</b>                       |

## 9. Other current liabilities

|                                | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹<br>Unaudited | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹<br>Unaudited |
|--------------------------------|-----------------------------|--|-----------------------------|--|
| <b>Current</b>                 |                             |  |                             |  |
| Employee and other liabilities | 1,287,616                   | 120,392,096                              | 2,214,485                   | 200,477,327                              |
| Statutory dues payable         | 895,564                     | 83,735,234                               | 831,641                     | 75,288,460                               |
| <b>Total</b>                   | <b>2,183,180</b>            | <b>204,127,330</b>                       | <b>3,046,126</b>            | <b>275,765,787</b>                       |

## 10. Financial instruments

Financial instruments by category

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

|                                     | Trade and Other receivables |                      | Financial liabilities measured at<br>amortized cost |                    | Total carrying amount |                      | Fair value        |                      |
|-------------------------------------|-----------------------------|----------------------|---|--------------------|-----------------------|----------------------|-------------------|----------------------|
|                                     | £                           | ₹                    | £   | ₹                  | £                     | ₹                    | £                 | ₹                    |
|                                     |                             | Unaudited            |   | Unaudited          |                       | Unaudited            |                   | Unaudited            |
| <b>Assets:</b>                      |                             |                      |   |                    |                       |                      |                   |                      |
| Trade receivables                   | 7,734,166                   | 723,144,520          | -   | -                  | 7,734,166             | 723,144,520          | 7,734,166         | 723,144,521          |
| Unbilled revenue                    | 5,107,836                   | 477,582,662          | -   | -                  | 5,107,836             | 477,582,662          | 5,107,836         | 477,582,662          |
| Cash and cash equivalents           | 2,318,423                   | 216,772,551          | -   | -                  | 2,318,423             | 216,772,551          | 2,318,423         | 216,772,551          |
| Other Assets                        | 156,023                     | 14,588,151           | -   | -                  | 156,023               | 14,588,151           | 156,023           | 14,588,151           |
| <b>Total assets</b>                 | <b>15,316,448</b>           | <b>1,432,087,884</b> | <b>-</b>  | <b>-</b>           | <b>15,316,448</b>     | <b>1,432,087,884</b> | <b>15,316,448</b> | <b>1,432,087,885</b> |
| <b>Liabilities:</b>                 |                             |                      |   |                    |                       |                      |                   |                      |
| Trade payables and accrued expenses | -                           | -                    | 6,422,656   | 600,518,589        | 6,422,656             | 600,518,589          | 6,422,656         | 600,518,589          |
| Unearned revenue                    | -                           | -                    | 402,471   | 37,631,039         | 402,471               | 37,631,039           | 402,471           | 37,631,039           |
| <b>Total liabilities</b>            | <b>-</b>                    | <b>-</b>             | <b>6,825,127</b>                                    | <b>638,149,628</b> | <b>6,825,127</b>      | <b>638,149,628</b>   | <b>6,825,127</b>  | <b>638,149,628</b>   |

Revenue of 2019-20 includes an amount of £107,798 recognised as 'Unearned Revenue' in financial year 2018-19.

The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows:

|                                     | Trade and Other receivables |                      | Financial liabilities measured at<br>amortized cost |                    | Total carrying amount |                      | Fair value        |                      |
|-------------------------------------|-----------------------------|----------------------|---|--------------------|-----------------------|----------------------|-------------------|----------------------|
|                                     | £                           | ₹                    | £   | ₹                  | £                     | ₹                    | £                 | ₹                    |
|                                     |                             | Unaudited            |   | Unaudited          |                       | Unaudited            |                   | Unaudited            |
| <b>Assets:</b>                      |                             |                      |   |                    |                       |                      |                   |                      |
| Trade receivables                   | 8,496,902                   | 769,224,538          | -   | -                  | 8,496,902             | 769,224,538          | 8,496,902         | 769,224,538          |
| Unbilled revenue                    | 3,994,925                   | 361,660,560          | -   | -                  | 3,994,925             | 361,660,560          | 3,994,925         | 361,660,560          |
| Cash and cash equivalents           | 1,870,936                   | 169,375,836          | -   | -                  | 1,870,936             | 169,375,836          | 1,870,936         | 169,375,836          |
| Other Assets                        | 147,443                     | 13,348,015           | -   | -                  | 147,443               | 13,348,015           | 147,443           | 13,348,015           |
| <b>Total assets</b>                 | <b>14,510,206</b>           | <b>1,313,608,949</b> | <b>-</b>  | <b>-</b>           | <b>14,510,206</b>     | <b>1,313,608,949</b> | <b>14,510,206</b> | <b>1,313,608,949</b> |
| <b>Liabilities:</b>                 |                             |                      |   |                    |                       |                      |                   |                      |
| Trade payables and accrued expenses | -                           | -                    | 6,287,462   | 569,175,028        | 6,287,462             | 569,175,028          | 6,287,462         | 569,175,028          |
| Unearned revenue                    | -                           | -                    | 107,798   | 9,758,953          | 107,798               | 9,758,953            | 107,798           | 9,758,953            |
| <b>Total liabilities</b>            | <b>-</b>                    | <b>-</b>             | <b>6,395,260</b>                                    | <b>578,933,981</b> | <b>6,395,260</b>      | <b>578,933,981</b>   | <b>6,395,260</b>  | <b>578,933,981</b>   |

## Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The objective of financial risk management is to protect the value of the Company's financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, interest rate and foreign currency exposures.

## Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customer. The Company's principal financial assets are cash and trade debtors. The Company has robust processes to assess customer credit worthiness and consequently there are no significant risks on this count. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of receivables.

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

|                             | Year ended March 31, |                        |            |                        |
|-----------------------------|----------------------|------------------------|------------|------------------------|
|                             | 2020<br>£            | 2020<br>₹<br>Unaudited | 2019<br>£  | 2019<br>₹<br>Unaudited |
| Revenue from top customer   | 21,252,102           | 1,987,071,542          | 18,054,341 | 1,634,459,448          |
| Revenue from top 5 customer | 35,544,865           | 3,323,444,915          | 37,717,247 | 3,414,542,345          |

## Notes to the financial statements (Contd.)

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30-150 days (2018-19: 30-150 days). The age wise break up of trade receivables, net of allowances that are past due, is given below:

| Period (in days)                       | As at<br>31 March 2020 |                    | As at<br>31 March 2019 |                    |
|--|------------------------|--------------------|------------------------|--------------------|
|  | £                      | ₹                  | £                      | ₹                  |
|  |                        | Unaudited          |                        | Unaudited          |
| Past due 0-30 days                     | 1,188,914              | 111,163,459        | 1,087,038              | 98,409,585         |
| Past due 30-60 days                    | 305,937                | 28,605,110         | 106,963                | 9,683,364          |
| Past due 60-90 days                    | 288,234                | 26,949,879         | 10,956                 | 991,877            |
| Past due over 90 days                  | (5,871)                | (548,939)          | 101,813                | 9,217,106          |
| <b>Total past due and not impaired</b> | <b>1,777,214</b>       | <b>166,169,509</b> | <b>1,306,770</b>       | <b>118,301,932</b> |

The allowance for impairment in respect of trade receivables for the year ended March 31, 2020 and March 31, 2019 was £159,359 and Nil respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

|                                       | For the year ended / As at<br>31 March 2020 |                   | For the year ended / As at<br>31 March 2019 |           |
|---------------------------------------|---|-------------------|---|-----------|
|                                       | £   | ₹                 | £   | ₹         |
|                                       |   | Unaudited         |   | Unaudited |
| Balance at the beginning of the year  | -   | -                 | -   | -         |
| Additions during the year             | 329,981                                     | 30,853,195        | -   | -         |
| Received during the year              | (170,622)                                   | (15,953,128)      | -   | -         |
| Written off during the year           | -   | -                 | -   | -         |
| <b>Balance at the end of the year</b> | <b>159,359</b>                              | <b>14,900,067</b> | <b>-</b>                                    | <b>-</b>  |

For simplicity, the unaudited brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The working capital position of the company is given below:

|                           | As at<br>31 March 2020 |                    | As at<br>31 March 2019 |                    |
|---------------------------|------------------------|--------------------|------------------------|--------------------|
|                           | £                      | ₹                  | £                      | ₹                  |
|                           |                        | Unaudited          |                        | Unaudited          |
| Cash and cash equivalents | 2,318,423              | 216,772,551        | 1,870,936              | 169,375,836        |
| <b>Total</b>              | <b>2,318,423</b>       | <b>216,772,551</b> | <b>1,870,936</b>       | <b>169,375,836</b> |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 and March 31, 2019:

|                                     | As At 31st March 2020 |             |           |           |                   |           |
|-------------------------------------|-----------------------|-------------|-----------|-----------|-------------------|-----------|
|                                     | Less than 1 year      |             | 1-2 years |           | 2 years and above |           |
|                                     | £                     | ₹           | £         | ₹         | £                 | ₹         |
|                                     |                       | Unaudited   |           | Unaudited |                   | Unaudited |
| Trade payables and accrued expenses | 6,422,656             | 600,518,589 | -         | -         | -                 | -         |
| Other current liabilities           | 2,183,180             | 204,127,330 | -         | -         | -                 | -         |
|                                     |                       |             |           |           |                   |           |
|                                     | As At 31st March 2019 |             |           |           |                   |           |
|                                     | Less than 1 year      |             | 1-2 years |           | 2 years and above |           |
|                                     | £                     | ₹           | £         | ₹         | £                 | ₹         |
|                                     |                       | Unaudited   |           | Unaudited |                   | Unaudited |
| Trade payables and accrued expenses | 6,287,462             | 569,175,028 | -         | -         | -                 | -         |
| Other liabilities                   | 3,046,126             | 275,765,787 | -         | -         | -                 | -         |

## Market Risk- Foreign Currency risk

The Company is exposed to translation and transaction foreign exchange risks. While the Company makes payments, mostly in GBP, to its major suppliers, 19% (2019: 14%) of its sales in the year under review were in US dollars and 7% (2019: 8%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. Foreign exchange management is, however, kept under regular review.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2020 and March 31, 2019.

As at 31st March 2020

|                                     | EUR            |                   | USD              |                    | Other Currencies* |                   | Total            |                    |
|-------------------------------------|----------------|-------------------|------------------|--------------------|-------------------|-------------------|------------------|--------------------|
|                                     | £              | ₹                 | £                | ₹                  | £                 | ₹                 | £                | ₹                  |
|                                     |                | Unaudited         |                  | Unaudited          |                   | Unaudited         |                  | Unaudited          |
| <b>Asset</b>                        |                |                   |                  |                    |                   |                   |                  |                    |
| Trade Receivables                   | 925,751        | 86,557,725        | 3,263,065        | 305,096,534        | 45,136            | 4,220,217         | 4,233,952        | 395,874,476        |
| Unbilled Revenue                    | 241,936        | 22,621,044        | 1,254,472        | 117,293,132        | 107,248           | 10,027,704        | 1,603,656        | 149,941,880        |
| Cash and cash equivalents           | 81,949         | 7,662,269         | 569,131          | 53,213,785         | 169,235           | 15,823,442        | 820,315          | 76,699,496         |
| Other assets                        | -              | -                 | -                | -                  | (11,849)          | (1,107,859)       | (11,849)         | (1,107,859)        |
| <b>Liabilities</b>                  |                |                   |                  |                    |                   |                   |                  |                    |
| Trade payables and accrued expenses | 332,754        | 31,112,541        | 2,009,688        | 187,905,817        | 37,307            | 3,488,187         | 2,379,749        | 222,506,545        |
| Unearned Sales                      | 1,030          | 96,324            | 174,191          | 16,286,864         | -                 | -                 | 175,221          | 16,383,188         |
| Other liabilities                   | (10,018)       | (936,655)         | -                | -                  | 3,146             | 294,165           | (6,872)          | (642,490)          |
| <b>Net assets/liabilities</b>       | <b>925,870</b> | <b>86,568,828</b> | <b>2,902,789</b> | <b>271,410,770</b> | <b>269,317</b>    | <b>25,181,152</b> | <b>4,097,976</b> | <b>383,160,750</b> |

## Notes to the financial statements (Contd.)

As at 31st March 2019

|                                     | EUR            |                   | USD              |                    | Other Currencies* |                   | Total            |                    |
|-------------------------------------|----------------|-------------------|------------------|--------------------|-------------------|-------------------|------------------|--------------------|
|                                     | £              | ₹                 | £                | ₹                  | £                 | ₹                 | £                | ₹                  |
|                                     | Unaudited      |                   | Unaudited        |                    | Unaudited         |                   | Unaudited        |                    |
| <b>Asset</b>                        |                |                   |                  |                    |                   |                   |                  |                    |
| Trade Receivables                   | 594,598        | 53,828,915        | 2,351,789        | 212,907,493        | (4,417)           | (399,845)         | 2,941,970        | 266,336,563        |
| Unbilled Revenue                    | (132,555)      | (12,000,234)      | 334,124          | 30,248,265         | 64,376            | 5,827,928         | 265,945          | 24,075,959         |
| Cash and cash equivalents           | 387,235        | 35,056,385        | 829,461          | 75,091,104         | 53,843            | 4,874,442         | 1,270,539        | 115,021,931        |
| Other assets                        | -              | -                 | -                | -                  | (1,874)           | (169,653)         | (1,874)          | (169,653)          |
| <b>Liabilities</b>                  |                |                   |                  |                    |                   |                   |                  |                    |
| Trade payables and accrued expenses | 370,452        | 33,537,020        | 1,399,231        | 126,672,345        | (27,634)          | (2,501,706)       | 1,742,049        | 157,707,659        |
| Unearned Sales                      | 4,506          | 407,962           | 81,671           | 7,393,670          | -                 | -                 | 86,177           | 7,801,632          |
| Other liabilities                   | (5,463)        | (494,538)         | -                | -                  | 3,579             | 324,049           | (1,884)          | (170,489)          |
| <b>Net assets/liabilities</b>       | <u>479,783</u> | <u>43,434,622</u> | <u>2,034,472</u> | <u>184,180,847</u> | <u>135,983</u>    | <u>12,310,529</u> | <u>2,650,238</u> | <u>239,925,998</u> |

Others include currencies such as Singapore - \$ (SGD), Czech Republic Koruna (CZK), Switzerland-Franc (CHF), Turkey-Lira (TRY), Hungary-Forint (HUF)

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the functional currencies of the Company.

For the year ended March 31, 2020 and 2019 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £40,980 and £26,502 respectively.

## 11. Income tax expense

Income tax expense in the statement of income consists of:

|  | Year ended March 31, |                   |                 |                    |
|--|----------------------|-------------------|-----------------|--------------------|
|  | 2020                 | 2020              | 2019            | 2019               |
|  | £                    | ₹                 | £               | ₹                  |
|  | Unaudited            |                   | Unaudited       |                    |
| <b>Current taxes</b>                           |                      |                   |                 |                    |
| UK Corporation tax on profits of the year      | 225,430              | 21,077,722        | 120,462         | 10,905,425         |
| Adjustment in respect of previous years        | (70,233)             | (6,566,786)       | (177,360)       | (16,056,401)       |
| <b>Total</b>                                   | <u>155,197</u>       | <u>14,510,936</u> | <u>(56,898)</u> | <u>(5,150,976)</u> |
| <b>Deferred taxes</b>                          |                      |                   |                 |                    |
| Origination and reversal of timing differences | 3,197                | 298,920           | 132,425         | 11,988,435         |
| <b>Total</b>                                   | <u>3,197</u>         | <u>298,920</u>    | <u>132,425</u>  | <u>11,988,435</u>  |
| <b>Grand Total</b>                             | <u>158,394</u>       | <u>14,809,856</u> | <u>75,527</u>   | <u>6,837,459</u>   |

The reconciliation between the provision of corporation tax of the Company and amounts computed by applying the standard rate of UK corporation tax to profit before taxes is as follows:

|   | Year ended March 31, |                   |                 |                    |
|---|----------------------|-------------------|-----------------|--------------------|
|   | 2020                 | 2020              | 2019            | 2019               |
|   | £                    | ₹                 | £               | ₹                  |
|   | Unaudited            |                   | Unaudited       |                    |
| Profit before income tax                                | 1,387,948            | 129,773,099       | 1,644,617       | 148,887,182        |
| Profit on ordinary activities multiplied by rate of tax | 263,710              | 24,656,896        | 312,477         | 28,288,556         |
| Expenses not deductible for tax purposes                | 50,101               | 4,684,444         | 77,412          | 7,008,108          |
| Movement in capital allowances                          | (3,563)              | (333,141)         | (116,175)       | (10,517,323)       |
| Tax credit on employee share based payments             | (84,818)             | (7,930,483)       | (153,252)       | (13,873,904)       |
| Adjustment in respect of previous years                 | (70,233)             | (6,566,786)       | (177,360)       | (16,056,401)       |
| <b>Total current tax expense</b>                        | <u>155,197</u>       | <u>14,510,930</u> | <u>(56,898)</u> | <u>(5,150,964)</u> |

The standard rates of UK corporation tax, for the year ended March 31, 2020 and March 31, 2019 are 19% and 19% respectively.

## Changes in tax rates and factors affecting the future tax charge

In the Spring Budget 2020, the Government announced that from 1st April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously announced). This new law was substantively enacted on 17th March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, the effects are not included within these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial to both the tax expense for the period and to the balance of the deferred tax asset and liability at the balance sheet date.

The components of deferred tax (liability) / asset are as follows:

|   | As at           | As at              | As at           | As at              |
|---|-----------------|--------------------|-----------------|--------------------|
|   | 31 March 2020   | 31 March 2020      | 31 March 2019   | 31 March 2019      |
|   | £               | ₹                  | £               | ₹                  |
|   | Unaudited       |                    | Unaudited       |                    |
| Property, Plant and Equipment             | (39,924)        | (3,732,895)        | (34,507)        | (3,123,919)        |
| Provision                                 | 6,334           | 592,229            | 4,114           | 372,441            |
| <b>Net deferred tax (liability)/asset</b> | <u>(33,590)</u> | <u>(3,140,666)</u> | <u>(30,393)</u> | <u>(2,751,478)</u> |

The deferred tax included in the Balance Sheet is as follows:

|  | As at           | As at              | As at           | As at              |
|--|-----------------|--------------------|-----------------|--------------------|
|  | 31 March 2020   | 31 March 2020      | 31 March 2019   | 31 March 2019      |
|  | £               | ₹                  | £               | ₹                  |
|  | Unaudited       |                    | Unaudited       |                    |
| Deferred tax (liability)/asset                           | (33,590)        | (3,140,666)        | (30,393)        | (2,751,478)        |
| Balance brought forward                                  | (30,393)        | (2,841,746)        | 102,032         | 9,236,957          |
| Profit and loss account movement arising during the year | (3,197)         | (298,920)          | (132,425)       | (11,988,435)       |
| <b>Total deferred tax (liability)/asset</b>              | <u>(33,590)</u> | <u>(3,140,666)</u> | <u>(30,393)</u> | <u>(2,751,478)</u> |

For simplicity, the brought forward Rupee amounts as at 1st April have been translated using the exchange rate as at the 31st March of the respective financial year.

## Notes to the financial statements (Contd.)

## 12. Equity

## a) Share capital

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2019: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2019: 685,815) equity shares of £1 each amounting to £685,815 (2019: £685,815).

The company has only one class of shares referred to as equity shares having a par value of £1.

No dividend was paid in current and previous financial year.

## b) Retained earnings

Retained earnings comprises of the Company's prior years' undistributed earnings after taxes.

## Capital Management

The Company'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 Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

|  | As at<br>31 March 2020<br>£ | As at<br>31 March 2020<br>₹ | As at<br>31 March 2019<br>£ | As at<br>31 March 2019<br>₹ |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total equity attributable to the equity share holders of the company | <u>6,530,293</u>            | <u>610,582,350</u>          | <u>5,300,738</u>            | <u>479,904,468</u>          |
| As percentage of total capital                                       | <u>100%</u>                 | <u>100%</u>                 | <u>100%</u>                 | <u>100%</u>                 |
| <b>Total capital</b>   | <u><b>6,530,293</b></u>     | <u><b>610,582,350</b></u>   | <u><b>5,300,738</b></u>     | <u><b>479,904,468</b></u>   |

The Company is equity financed which is evident from the capital structure table.

## 13. Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. An analysis of turnover is given below:

| Country        | Year ended March 31,     |                             |                          |                             |
|----------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
|                | 2020<br>£                | 2020<br>₹                   | 2019<br>£                | 2019<br>₹                   |
|                |                          | Unaudited                   |                          | Unaudited                   |
| United Kingdom | 40,504,830               | 3,787,201,605               | 39,524,432               | 3,578,146,829               |
| Europe         | 8,269,477                | 773,196,100                 | 8,635,069                | 781,732,797                 |
| Singapore      | 403,388                  | 37,716,748                  | 261,328                  | 23,657,999                  |
| Others         | 643,972                  | 60,211,382                  | 686,134                  | 62,115,711                  |
| <b>Total</b>   | <u><b>49,821,667</b></u> | <u><b>4,658,325,835</b></u> | <u><b>49,106,963</b></u> | <u><b>4,445,653,336</b></u> |

|  | Year ended March 31, |           |           |           |
|--|----------------------|-----------|-----------|-----------|
|  | 2020<br>£            | 2020<br>₹ | 2019<br>£ | 2019<br>₹ |
|  |                      | Unaudited |           | Unaudited |

## 14. Expenses by nature

|  |                          |                             |                          |                             |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------|
| Employee benefits  | 20,402,941               | 1,907,674,979               | 21,197,101               | 1,918,973,557               |
| Sub-contractor charges/Outsourced charges                                | 25,296,923               | 2,365,262,311               | 23,275,591               | 2,107,139,254               |
| Travel and conveyance  | 1,390,265                | 129,989,807                 | 1,442,373                | 130,578,011                 |
| Sales & Marketing expenses   | 229,521                  | 21,460,251                  | 354,181                  | 32,064,005                  |
| Staff welfare  | 308,258                  | 28,822,148                  | 286,415                  | 25,929,143                  |
| Legal, Professional and Consultancy Expenses                             | 218,482                  | 20,428,042                  | 186,601                  | 16,892,987                  |
| Communication expenses   | 184,329                  | 17,234,743                  | 214,478                  | 19,416,691                  |
| Lease rentals/charges  | 65,484                   | 6,122,764                   | 113,658                  | 10,105,049                  |
| Recruitment  | 51,872                   | 4,850,027                   | 61,418                   | 5,560,172                   |
| Audit Fees   | 36,081                   | 3,373,612                   | 33,332                   | 3,017,545                   |
| Depreciation charges   | 121,584                  | 11,368,143                  | 10,553                   | 955,319                     |
| Provision for doubtful trade receivables                                 | 159,359                  | 14,900,067                  | -                        | -                           |
| Others   | 283,113                  | 26,471,081                  | 201,561                  | 18,431,860                  |
| <b>Total cost of sales, selling, general and administrative expenses</b> | <u><b>48,748,213</b></u> | <u><b>4,557,957,975</b></u> | <u><b>47,377,263</b></u> | <u><b>4,289,063,593</b></u> |

The total cost of sales, selling, general and administrative expenses in the table above includes £ 43,762,871 (2019: £ 41,533,169) towards cost of sales and £ 4,985,343 (2019: £ 5,844,094) towards selling, general and administrative expenses. Additional costs of £ 18,000 were incurred and accounted for during FY 21 in relation to the finalisation of the audit for the year ended 31 March 2020.

## Cost of Sales

Cost of Sales primarily include employee compensation of personnel engaged in providing services, travel expenses, employee allowances, payroll related taxes, fees to external consultants engaged in providing services, communication costs and other project related expenses.

## Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortization of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses. All audit fees are for statutory audit services.

## Notes to the financial statements (Contd.)

## 15. Employee benefits

The average monthly number of staff employed by the company during the financial year amounted to:

|                | 2020       | 2019       |
|----------------|------------|------------|
| By Activity    | No         | No         |
| Delivery       | 297        | 303        |
| Marketing      | 14         | 19         |
| Administration | 9          | 10         |
|                | <u>320</u> | <u>332</u> |

Employee benefits include:

|                       | Year ended March 31, |                      | 2019              |                      |
|-----------------------|----------------------|----------------------|-------------------|----------------------|
|                       | 2020                 | 2020                 | 2019              | 2019                 |
|                       | £                    | ₹                    | £                 | ₹                    |
|                       |                      | Unaudited            |                   | Unaudited            |
| Wages and salaries    | 18,016,062           | 1,684,501,834        | 18,841,787        | 1,705,746,975        |
| Social security costs | 2,282,909            | 213,451,964          | 2,114,058         | 191,385,676          |
| ESOS Cost             | 103,970              | 9,721,181            | 241,256           | 21,840,906           |
| <b>Total</b>          | <u>20,402,941</u>    | <u>1,907,674,979</u> | <u>21,197,101</u> | <u>1,918,973,557</u> |

An amount of £2,282,909 (2019:2,114,058) has been recognised as an expense for the defined contribution plan.

The employee benefit cost is recognised in the following line items in the statement of income:

|  | Year ended March 31, |                      | 2019              |                      |
|--|----------------------|----------------------|-------------------|----------------------|
|  | 2020                 | 2020                 | 2019              | 2019                 |
|  | £                    | ₹                    | £                 | ₹                    |
|  |                      | Unaudited            |                   | Unaudited            |
| Cost of sales                                | 17,003,052           | 1,589,785,330        | 16,814,515        | 1,522,218,051        |
| Selling, general and administrative expenses | 3,399,889            | 317,889,649          | 4,382,586         | 396,755,506          |
| <b>Total</b>                                 | <u>20,402,941</u>    | <u>1,907,674,979</u> | <u>21,197,101</u> | <u>1,918,973,557</u> |

## 16. Finance and other income

|                 | Year ended March 31, |                | 2019          |                |
|-----------------|----------------------|----------------|---------------|----------------|
|                 | 2020                 | 2020           | 2019          | 2019           |
|                 | £                    | ₹              | £             | ₹              |
|                 |                      | Unaudited      |               | Unaudited      |
| Interest Income | 9,529                | 890,944        | 8,359         | 756,741        |
| Others          | -                    | -              | 1,790         | 162,049        |
| <b>Total</b>    | <u>9,529</u>         | <u>890,944</u> | <u>10,149</u> | <u>918,790</u> |

## 17. Leases

## Transition

Effective April 1, 2019, the Company adopted IFRS 16 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. In line with the transition provision, comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On Transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of £373,328 and a lease liability of £373,328. The Company has applied the practical expedient to not recognize the right-of-use assets and lease liabilities for leases with less than 12 months of lease term on the date of initial application. The weighted average incremental borrowing rate of 2.00% has been applied to lease liabilities recognized in the statement of financial position at the date of initial application.

## Impact for the year

In relation to leases under IFRS 16, the group has recognised depreciation and interest costs as per the table below.

## Right of Use Asset

|                                | As at          | As at             | As at         | As at         |
|--------------------------------|----------------|-------------------|---------------|---------------|
|                                | 31 March 2020  | 31 March 2020     | 31 March 2019 | 31 March 2019 |
|                                | £              | ₹                 | £             | ₹             |
|                                |                | Unaudited         |               | Unaudited     |
| Right of Use Asset - Buildings | 373,328        | 34,906,168        | -             | -             |
| Less: Accumulated Depreciation | (78,595)       | (7,348,673)       | -             | -             |
| Right of Use Asset Net         | <u>294,733</u> | <u>27,557,495</u> | -             | -             |

|                                  | As at          | As at             | As at         | As at         |
|----------------------------------|----------------|-------------------|---------------|---------------|
|                                  | 31 March 2020  | 31 March 2020     | 31 March 2019 | 31 March 2019 |
|                                  | £              | ₹                 | £             | ₹             |
|                                  |                | Unaudited         |               | Unaudited     |
| <b>Lease Liability</b>           |                | -                 | -             | -             |
| Opening Lease Liability          | 373,328        | 34,906,168        | -             | -             |
| Add: Interest Cost on the Leases | 7,097          | 663,608           | -             | -             |
| Less: Lease Payments             | (66,838)       | (6,249,353)       | -             | -             |
| Closing Lease Liability          | <u>313,587</u> | <u>29,320,423</u> | -             | -             |

## Notes to the financial statements (Contd.)

## 18. Related party relationships and transactions

## Name of related party

i) Ultimate Parent Company:

ITC Limited

ii) Immediate Parent Company:

ITC Infotech India Limited

iii) Other Related Parties With Whom The Company Had Transactions.

Subsidiaries of Immediate Parent Company:

ITC Infotech (USA), Inc.

Indivate Inc.

Transactions with the above related parties during the year were:

|                            | Holding Company                             |   |   |   | Fellow Subsidiaries                         |   |   |   |
|----------------------------|---|---|---|---|---|---|---|---|
|                            | For the year ended /<br>As at 31 March 2020 | For the year ended /<br>As at 31 March 2020 | For the year ended /<br>As at 31 March 2019 | For the year ended /<br>As at 31 March 2019 | For the year ended /<br>As at 31 March 2020 | For the year ended /<br>As at 31 March 2020 | For the year ended /<br>As at 31 March 2019 | For the year ended /<br>As at 31 March 2019 |
|                            | £   | ₹   | £   | ₹   | £   | ₹   | £   | ₹   |
|                            | Unaudited                                   |   | Unaudited                                   |   | Unaudited                                   |   | Unaudited                                   |   |
| Sale of goods/Services     | -   | -   | -   | 50,891                                      | 4,758,325                                   | 52,311                                      | 4,735,753                                   | -   |
| Expenses Recovered         | 128,833                                     | 12,045,851                                  | 154,244                                     | 13,963,724                                  | 1,857                                       | 173,668                                     | -   | -   |
| Purchase of goods/Services | 21,182,961                                  | 1,980,606,874                               | 15,059,531                                  | 1,363,339,323                               | -   | -   | -   | -   |
| Balance as on 31st March   |   |   |   |   |   |   |   |   |
| Trade receivables          | 192,457                                     | 17,994,730                                  | 63,624                                      | 5,759,916                                   | -   | -   | 52,311                                      | 4,735,753                                   |
| Trade payables             | 5,358,081                                   | 500,980,580                                 | 4,542,873                                   | 411,266,332                                 | -   | -   | -   | -   |

## Key Managerial Personnel:

## Non-Executive Directors

|                  |               |
|------------------|---------------|
| Sanjiv Puri      | Chairman      |
| S. Sivakumar     | Vice Chairman |
| R. Tandon        | Director      |
| B. B. Chatterjee | Director      |
| Sudip Singh      | Director      |

## Others

|               |           |
|---------------|-----------|
| H. S. Garewal | President |
|---------------|-----------|

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2020 and March 31, 2019 have been detailed below:

|                              | Year ended March 31, |                   |                |                   |
|------------------------------|----------------------|-------------------|----------------|-------------------|
|                              | 2020                 | 2020              | 2019           | 2019              |
|                              | £                    | ₹                 | £              | ₹                 |
|                              | Unaudited            |                   | Unaudited      |                   |
| <b>President:</b>            |                      |                   |                |                   |
| Salaries                     | 165,367              | 15,461,815        | 163,212        | 14,775,582        |
| Social security contribution | 32,467               | 3,035,693         | 24,912         | 2,255,283         |
| Incentives                   | 311,849              | 29,157,882        | 25,739         | 2,330,152         |
| <b>Total</b>                 | <b>509,683</b>       | <b>47,655,390</b> | <b>213,863</b> | <b>19,361,017</b> |

None of the directors received any emoluments for their services to the company, nor were any amounts recharged by or payable to any other organization or company for the directors' services to the company.

## 19. Ultimate parent company and immediate parent company

The immediate parent undertaking is ITC Infotech India Limited, which is incorporated in India and is a wholly owned subsidiary of ITC Limited. This is the smallest group of undertakings for which consolidated financial statements are being drawn up including this company.

The ultimate parent undertaking and controlling related party is ITC Limited, which is incorporated in India. This is the largest group of undertakings for which consolidated financial statements are being drawn up including this company. Copies of ITC Limited consolidated financial statements can be obtained from the Company Secretary at 37 J. L. Nehru Road, Kolkata - 700071, India.