

Strategic Report

The Directors present their Strategic Report for the year ended 31st March, 2021.

Key Performance Indicators

	£ (million)	
	2021	2020
Year Ended March 31,		
Total Revenue	48.80	49.82
Cost of Sales	42.68	43.76
Gross Profit	6.12	6.06
Profit before Tax	1.11	1.39
Profit after Tax	0.90	1.23

Section 172(1) statement

During the year ended 31st March 2021, the directors have complied with their duties with regard to the matters set out in Section 172(1) (a)-(f) of the Companies Act 2006. The directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. Further information is set out in the Directors Report and the Strategic Report.

Business review

In 2020-21 the Company achieved a revenue of GBP 48.80 million while the net profit was GBP 0.90 million. The Company successfully overcame the disruptive impact of COVID-19 on some of its clients, especially in the Travel vertical, through a strong performance in its strategic clients and in verticals such as Banking Financial Services, Consumer packaged goods and Hospitality. The Company also saw good

Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March 2021.

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, 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% (2020: 19%) of its sales in the year under review were in US dollars and 8% (2020: 7%) 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 the impact of 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.

Dividend

Your Directors are pleased to recommend the interim dividend of GBP 1.25 (2020: NIL) on 685,815 shares of GBP 1 each, aggregating GBP 857,269 (2020: NIL) declared by the Board of Directors on 29th October, 2020, as the final dividend for the year ended 31st March, 2021.

Directors

The Directors in office at the end of the year are listed below. All the Directors served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2021 and 1st April, 2020 as indicated below:

31st March, 2021 and 1st April, 2020
Ordinary Shares

S. Puri	-
S. Sivakumar	-
B. B. Chatterjee	-
S. Singh	-
R. Tandon	-

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

President

Mr. Hardeep S. Garewal relinquished office as the President of the Company with effect from 23rd March, 2021. Your Board of Directors place on record its appreciation for the contribution made by Mr. Garewal during his tenure as the President.

Mr. Anindya Roy, a Business leader with about twenty-five years of experience in the industry, joined the Company in December 2020 and has been appointed as the President of the Company with effect from 1st April, 2021.

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 goals.

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 will continue to be an important focus area of the Company, while forming and nurturing new partnerships with emerging, future ready Software Vendors.

demand for its Digital experience, Testing and Digital workplace offerings. During the year, the Company continued to strengthen its domain specific offerings and ecosystem of software vendor partnerships in areas such as Digital Banking and Digital Manufacturing. Majority of the customers of the Company are based in UK, please refer to Note 13. The Company has limited dependency for manpower in Europe as significant onsite delivery is provided by employees based in UK. On account of these factors, the Company had no major impact due to Brexit.

Future Outlook

Mining and growing existing large accounts will continue to be a key focus area of the Company. The Company will continue to invest, and shape well defined offerings aligned to the theme of delivering Business Friendly Solutions to select industry verticals. The Company will also strengthen its alliance ecosystem with future ready Software Vendors in identified capability areas.

Principal Risks and Uncertainties

The eventuality of a prolonged recovery from the COVID-19 pandemic negatively impacting the business of Company's clients especially in the travel vertical poses a risk for the Company. However, the Company's client portfolio is diversified across industry verticals to mitigate such an eventuality. In addition, the volatility around British Pound, USD and Euro are also key risks for the Company. The Company will focus on the stated strategy to grow the business in identified markets in the European region, 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 3rd May, 2021 and signed on behalf of the Board by

S. Singh Director	S. Sivakumar Vice Chairman	ITC Infotech Limited Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire MK7 8LF
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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, contract assets-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 for a period of 12 months from the date of signing the financial statements.

Going Concern

For its day-to-day working capital requirements, the Company uses its cash reserves, 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 for its business plan for FY 2021-22 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.
3. The Company's FY 2020-21 collections from customers have remained robust which is evident in reduction in Trade Receivables (£7.73 million as at 31st March 2020 to £6.12 million as at 31st March 2021) and contract assets-unbilled revenue accrual (£5.12 million as at 31st March 2020 to £3.93 million as at 31st March 2021).

Based on the above, the Directors are confident that the business plan projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. 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 Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 auditor 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 Auditor

On completion of their term, Messrs. PricewaterHouseCoopers LLP vacated office at the conclusion of the Annual General Meeting (AGM) of the Company held on 20th November, 2020 for the year ended 31st March, 2020.

Messrs. Deloitte LLP, UK, Reg. no. OC303675 (Deloitte LLP), were appointed as the Auditor of the Company to hold office until the conclusion of the next AGM for audit of the Financial Statements for the financial year 2020-21.

The Board has recommended for the approval of the Members, the appointment of Deloitte LLP, in accordance with the provisions of Section 485 of the Companies Act, 2006, to

conduct the audit of the Financial Statements of the Company for the financial year 2021-22. Appropriate resolution seeking your approval in respect of the said appointment is included in the Notice convening the AGM of the Company for the year ended 31st March, 2021.

Approved by the Board on 3rd May, 2021 and signed on behalf of the Board byS. Singh
DirectorS. Sivakumar
Vice ChairmanITC Infotech Limited
Building 5,
Caldecotte Lake Drive, Caldecotte,
Milton Keynes, Buckinghamshire
MK7 8LF**Independent auditors' report to the members of ITC Infotech Limited****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of ITC Infotech Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 19

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standards, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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. This description forms part of our auditor's report.

Income Statement

	Year ended March 31,			
	2021 £	2021 ₹	2020 £	2020 ₹
		Unaudited		Unaudited
Revenue				
-Sale of Services	48,310,856	4,867,439,539	49,505,537	4,628,767,693
-Resale of Software/Hardware	493,845	49,756,090	316,130	29,558,142
Total Revenue	48,804,701	4,917,195,629	49,821,667	4,658,325,835
Cost of sales	14	(42,681,736)	(43,762,870)	(4,091,828,421)
Gross profit	6,122,965	616,903,996	6,058,796	566,497,414
Selling, general and administrative expenses	14	(4,366,256)	(4,985,342)	(466,129,554)
Operating Profit	1,756,709	176,992,779	1,073,454	100,367,860
Foreign exchange (loss)/gain		(644,660)	304,966	28,514,295
Finance and other income	16	939	9,529	890,944
Profit before income tax	1,112,988	112,136,284	1,387,949	129,773,099
Income tax expense	11	(211,266)	(158,394)	(14,809,781)
Profit for the year	901,722	90,850,703	1,229,555	114,963,318

All the above results relate to continuing activities.

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Comprehensive Income

	Year ended March 31,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Profit for the year	<u>901,722</u>	<u>90,850,703</u>	<u>1,229,554</u>	<u>114,963,318</u>
Total comprehensive income for the year	<u>901,722</u>	<u>90,850,703</u>	<u>1,229,554</u>	<u>114,963,318</u>
Attributable to:				
Owners of the Company	<u>901,722</u>	<u>90,850,703</u>	<u>1,229,554</u>	<u>114,963,318</u>
	<u>901,722</u>	<u>90,850,703</u>	<u>1,229,554</u>	<u>114,963,318</u>

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Financial Position

Company Reg No. - 02777705

	Note	As at		As at	
		31 March 2021 £	31 March 2021 ₹ Unaudited	31 March 2020 £	31 March 2020 ₹ Unaudited
Assets					
Property, plant and equipment	4	206,054	20,760,613	247,782	23,167,864
Other non-current assets	7	2,713	273,341	7,138	667,403
Right-of-Use Asset	17	<u>216,137</u>	<u>21,776,356</u>	<u>294,733</u>	<u>27,557,536</u>
Total non-current assets		<u>424,904</u>	<u>42,810,310</u>	<u>549,653</u>	<u>51,392,803</u>
Current tax Asset		28,496	2,871,043	26,814	2,507,109
Trade receivables	5	6,124,252	617,033,700	7,734,166	723,144,520
Contract Assets-Unbilled revenue	5	3,928,525	395,808,715	5,107,836	477,582,662
Other current assets	7	103,602	10,438,072	148,885	13,920,747
Cash and cash equivalents	6	<u>2,548,754</u>	<u>256,793,337</u>	<u>2,318,423</u>	<u>216,772,551</u>
Total current assets		<u>12,733,629</u>	<u>1,282,944,867</u>	<u>15,336,124</u>	<u>1,433,927,589</u>
Total assets		<u>13,158,533</u>	<u>1,325,755,177</u>	<u>15,885,777</u>	<u>1,485,320,392</u>
Equity					
Share Capital	12	685,815	69,097,576	685,815	64,123,703
Retained earnings		<u>5,888,931</u>	<u>593,324,439</u>	<u>5,844,478</u>	<u>546,458,647</u>
Equity attributable to owners of the company		<u>6,574,746</u>	<u>662,422,015</u>	<u>6,530,293</u>	<u>610,582,350</u>
Total equity		<u>6,574,746</u>	<u>662,422,015</u>	<u>6,530,293</u>	<u>610,582,350</u>
Non Current - Lease Liability	17	149,932	15,106,047	233,282	21,811,948
Deferred income tax Liability	11	29,461	2,968,269	33,590	3,140,666
Total Non Current Liabilities		<u>179,393</u>	<u>18,074,316</u>	<u>266,872</u>	<u>24,952,614</u>
Trade payables and accrued expenses	8	3,324,244	334,925,948	6,422,656	600,518,589
Unearned revenue		138,143	13,918,253	402,471	37,631,038
Current - Lease Liability	17	84,153	8,478,588	80,305	7,508,471
Other current liabilities	9	<u>2,857,855</u>	<u>287,936,056</u>	<u>2,183,180</u>	<u>204,127,330</u>
Total current liabilities		<u>6,404,395</u>	<u>645,258,846</u>	<u>9,088,612</u>	<u>849,785,428</u>
Total liabilities		<u>6,583,788</u>	<u>663,333,162</u>	<u>9,355,484</u>	<u>874,738,042</u>
Total equity and liabilities		<u>13,158,533</u>	<u>1,325,755,177</u>	<u>15,885,777</u>	<u>1,485,320,392</u>

These financial statements on pages 96 to 107 were approved by the directors on 3rd May, 2021 and are signed on their behalf by:

Anindya Roy
President

Karan Shukla
Financial Controller

S. Singh
Director

S. Sivakumar
Vice Chairman

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31st March, 2021

	No. of Shares	Share Capital		Retained Earnings		Total equity	
		£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited
Balance as at April 1, 2019	Note <u>685,815</u>	<u>685,815</u>	<u>64,123,703</u>	<u>4,614,923</u>	<u>431,495,329</u>	<u>5,300,738</u>	<u>495,619,032</u>
Profit for the year	-	-	-	1,229,555	114,963,318	1,229,555	114,963,318
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,229,555	114,963,318	1,229,555	114,963,318
Balance as at March 31, 2020	<u>685,815</u>	<u>685,815</u>	<u>64,123,703</u>	<u>5,844,478</u>	<u>546,458,647</u>	<u>6,530,293</u>	<u>610,582,350</u>
Balance as at April 1, 2020	<u>685,815</u>	<u>685,815</u>	<u>69,097,576</u>	<u>5,844,478</u>	<u>588,845,731</u>	<u>6,530,293</u>	<u>657,943,307</u>
Profit for the year	-	-	-	901,722	90,850,703	901,722	90,850,703
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	901,722	90,850,703	901,722	90,850,703
Transactions with owners in their capacity as owners:							
Cash dividend paid	12	-	-	(857,269)	(86,371,995)	(857,269)	(86,371,995)
		-	-	(857,269)	(86,371,995)	(857,269)	(86,371,995)
Balance as at March 31, 2021	<u>685,815</u>	<u>685,815</u>	<u>69,097,576</u>	<u>5,888,931</u>	<u>593,324,439</u>	<u>6,574,746</u>	<u>662,422,015</u>

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

The accompanying notes on pages 99 to 107 form an integral part of these financial statements.

Statement of Cash Flows

	Note	Year ended March 31,			
		2021	2021	2020	2020
		£	₹	£	₹
Cash flows from operating activities			Unaudited		Unaudited
Profit for the year		901,722	90,850,703	1,229,555	114,963,318
Adjustment for:					
Depreciation	4	53,620	5,402,311	42,988	4,019,419
Loss on disposal of asset		-	-	-	-
Lease Liability (Net Amount)		(908)	(91,383)	18,590	1,738,165
Interest income		(939)	(94,632)	(9,529)	(890,944)
Income tax expense	11	211,266	21,285,581	158,394	14,809,781
Effect of exchange differences on translation		-	-	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-	-	13,720	1,282,835
<i>Changes in operating assets and liabilities</i>					
Trade receivables		1,609,914	162,202,821	762,736	71,315,862
Contract Assets-Unbilled revenues		1,179,311	118,818,523	(1,112,911)	(104,057,217)
Other assets		49,707	5,008,152	(8,580)	(802,224)
Trade payables and accrued expenses		(3,098,409)	(312,172,420)	135,461	12,665,613
Unearned revenues		(264,328)	(26,631,750)	294,673	27,551,942
Other liabilities		674,674	67,975,083	(862,946)	(80,685,458)
Net cash provided by operating activities before taxes		<u>1,315,630</u>	<u>132,552,989</u>	<u>662,151</u>	<u>61,911,092</u>
Income tax paid		(217,077)	(21,871,092)	(137,605)	(12,866,050)
Net cash generated from operating activities		<u>1,098,553</u>	<u>110,681,897</u>	<u>524,546</u>	<u>49,045,042</u>
Cash flows from investing activities					
Purchases of property, plant and equipment	4	(11,892)	(1,198,110)	(72,867)	(6,813,149)
Interest received		939	94,632	9,529	890,944
Net cash used in investing activities		<u>(10,953)</u>	<u>(1,103,478)</u>	<u>(63,338)</u>	<u>(5,922,205)</u>
Cash flows from financing activities					
Dividends paid to the parent company	12	(857,269)	(86,371,995)	-	-
Net cash used in financing activities		<u>(857,269)</u>	<u>(86,371,995)</u>	<u>-</u>	<u>-</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-	-	(13,720)	(1,282,835)
Net increase in cash and cash equivalents		<u>230,331</u>	<u>23,206,424</u>	461,207	43,122,837
Cash and cash equivalents at beginning of the year	6	2,318,423	233,586,913	1,870,936	174,932,549
Cash and cash equivalents at end of the year	6	<u>2,548,754</u>	<u>256,793,337</u>	<u>2,318,423</u>	<u>216,772,551</u>

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 99 to 107 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 = ₹100.75(2020: £1 = ₹93.50) 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, 2021 have been prepared in accordance with The Companies Act 2006 as applicable to companies using 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, contract assets-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 for a period of 12 months from the date of signing the financial statements.

Going Concern

For its day-to-day working capital requirements, the Company uses its cash reserves, 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 for its business plan for FY 2021-22 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.
3. The Company's FY 2020-21 collections from customers have remained robust which is evident in reduction in Trade Receivables (£7.73 million as at 31st March 2020 to £6.12 million as at 31st March 2021) and contract assets-unbilled revenue accrual (£5.12 million as at 31st March 2020 to £3.93 million as at 31st March 2021).

Based on the above, the Directors are confident that the business plan projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. 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, contract assets-unbilled revenues etc, and on the Going Concern status of the Company

(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

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. Contract assets-unbilled revenues represent amounts recognised based on services performed in advance of billing in accordance with contract terms. The Company recognises contract assets-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 values of Trade Receivables and provisions.

Trade and other receivables are represented by trade receivables, contract assets-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.

(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.

Notes to the financial statements (Contd.)

- 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.

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 £154,654 (including payments in respect short-term leases and lease of low value of assets of £69,599)

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	
Gross carrying value:								
As at 1 April 2019	140,765	13,161,516	98,775	9,235,463	68,955	6,447,442	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	-	-	72,866	6,813,056
Disposal	-	-	(34,739)	(3,248,097)	(8,355)	(781,193)	(43,093)	(4,029,290)
As at March 31, 2020	147,829	13,822,016	134,214	12,549,070	56,224	5,257,100	338,268	31,628,187
Accumulated depreciation:								
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	1,165,026	42,988	4,019,301
Disposal	-	-	(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	1,858,381	90,486	8,460,323
Net carrying value as at March 31, 2020	131,911	12,333,683	79,523	7,435,461	36,348	3,398,719	247,782	23,167,864
Gross carrying value:								
As at 1 April 2020	147,829	14,894,141	134,215	13,522,497	56,224	5,664,709	338,268	34,081,504
Additions	-	-	11,056	1,113,931	836	84,179	11,892	1,198,110
Disposal	-	-	(9,967)	(1,004,180)	-	-	(9,967)	(1,004,180)
As at March 31, 2021	147,829	14,894,141	135,304	13,632,248	57,060	5,748,888	340,193	34,275,434
Accumulated depreciation:								
As at 1 April 2020	15,918	1,603,778	54,691	5,510,255	19,877	2,002,657	90,486	9,116,690
Depreciation	14,791	1,490,230	26,123	2,631,958	12,706	1,280,123	53,620	5,402,311
Disposal	-	-	(9,967)	(1,004,180)	-	-	(9,967)	(1,004,180)
As at March 31, 2021	30,709	3,094,008	70,847	7,138,033	32,583	3,282,780	134,139	13,514,821
Net carrying value as at March 31, 2021	117,120	11,800,133	64,457	6,494,215	24,477	2,466,108	206,054	20,760,613

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		As at	
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Trade Receivables	6,124,252	617,033,700	7,734,166	723,144,520
Contract Assets-Unbilled Revenue				
- Time & Material	3,679,010	370,669,455	3,631,024	339,500,717
- Fixed Price contracts based on % Completion	249,515	25,139,260	1,476,812	138,081,945
Total	10,052,777	1,012,842,415	12,842,002	1,200,727,182

An expected credit loss provision of £159,359 (2020: 159,359) against Trade Receivables is included in the figures above. Contract assets-unbilled revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms, (refer to note 2(e)(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		As at	
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Cash at bank	2,548,754	256,793,337	2,318,423	216,772,551
Cash and cash equivalents on statement of financial position	2,548,754	256,793,337	2,318,423	216,772,551
Cash and cash equivalents in the cash flow statement	2,548,754	256,793,337	2,318,423	216,772,551

7. Other Assets

	As at		As at	
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Non-current				
Security deposits	463	46,648	2,038	190,553
Loans and Advances to employees	2,250	226,693	5,100	476,850
	2,713	273,341	7,138	667,403
Current				
Prepaid Expenses	54,603	5,501,389	48,400	4,525,400
Loans and Advances to Employees	47,523	4,787,972	99,009	9,257,342
Others	1,476	148,711	1,476	138,006
	103,602	10,438,072	148,885	13,920,748
Total	106,315	10,711,413	156,023	14,588,151

Notes to the financial statements (Contd.)

8. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Trade payables	2,733,882	275,445,533	5,711,706	534,044,419
Accrued expenses	590,362	59,480,415	710,950	66,474,170
Total	3,324,244	334,925,948	6,422,656	600,518,589

For payables to group companies, please refer to Note 18

9. Other current liabilities

	As at 31 March 2021 £	As at 31 March 2021 ₹ Unaudited	As at 31 March 2020 £	As at 31 March 2020 ₹ Unaudited
Current				
Employee and other liabilities	1,417,140	142,780,418	1,287,616	120,392,096
Statutory dues payable	1,440,715	145,155,638	895,564	83,735,234
Total	2,857,855	287,936,056	2,183,180	204,127,330

10. Financial instruments

Financial instruments by category

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

	Trade and Other receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
Assets:								
Trade receivables	6,124,252	617,033,700	-	-	6,124,252	617,033,700	6,124,252	617,033,700
Contract Assets-Unbilled revenue	3,928,525	395,808,715	-	-	3,928,525	395,808,715	3,928,525	395,808,715
Cash and cash equivalents	2,548,754	256,793,337	-	-	2,548,754	256,793,337	2,548,754	256,793,337
Other Assets	106,315	10,711,413	-	-	106,315	10,711,413	106,315	10,711,502
Total assets	12,707,846	1,280,347,165	-	-	12,707,846	1,280,347,165	12,707,846	1,280,347,254
Liabilities:								
Trade payables and accrued expenses	-	-	3,324,244	334,925,949	3,324,244	334,925,949	3,324,244	334,925,949
Unearned revenue	-	-	138,143	13,918,253	138,143	13,918,253	138,143	13,918,253
Total liabilities	-	-	3,462,387	348,844,202	3,462,387	348,844,202	3,462,387	348,844,202

Revenue of 2020-21 includes an amount of £402,471 recognised as 'Unearned Revenue' in financial year 2019-20.

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 amortized cost		Total carrying amount		Fair value	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
Assets:								
Trade receivables	7,734,166	723,144,520	-	-	7,734,166	723,144,520	7,734,166	723,144,520
Contract Assets-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	14,588,152	-	-	156,023	14,588,152	156,023	14,588,152
Total assets	15,316,448	1,432,087,885	-	-	15,316,448	1,432,087,885	15,316,448	1,432,087,885
Liabilities:								
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	37,631,038	402,471	37,631,038	402,471	37,631,038
Total liabilities	-	-	6,825,127	638,149,627	6,825,127	638,149,627	6,825,127	638,149,627

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,			
	2021 £	2021 ₹ Unaudited	2020 £	2020 ₹ Unaudited
Revenue from top customer	25,255,808	2,544,585,811	21,252,102	1,987,071,542
Revenue from top 5 customers	36,977,754	3,725,601,168	35,544,865	3,323,444,915

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 (2019-20: 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 31 March 2021		As at 31 March 2020	
	£	₹	£	₹
		Unaudited		Unaudited
Past due 0-30 days	1,300,474	131,026,037	1,188,914	111,163,459
Past due 30-60 days	113,368	11,422,094	305,937	28,605,110
Past due 60-90 days	43,875	4,420,520	288,234	26,949,879
Past due over 90 days	(102,753)	(10,352,622)	(5,871)	(548,939)
Total past due and not impaired	1,354,964	136,516,029	1,777,214	166,169,509

The allowance for impairment in respect of trade receivables for the year ended March 31, 2021 and March 31, 2020 was £159,359 and ₹159,359, respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	For the year ended / As at 31 March 2021		For the year ended / As at 31 March 2020	
	£	₹	£	₹
		Unaudited		Unaudited
Balance at the beginning of the year	159,359	16,055,818	-	-
Additions during the year	-	-	329,981	30,853,195
Received during the year	-	-	(170,622)	(15,953,128)
Written off during the year	-	-	-	-
Balance at the end of the year	159,359	16,055,818	159,359	14,900,067

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 cash position of the company is given below:

	As at 31 March 2021		As at 31 March 2020	
	£	₹	£	₹
		Unaudited		Unaudited
Cash and cash equivalents	2,548,754	256,793,337	2,318,423	216,772,551
Total	2,548,754	256,793,337	2,318,423	216,772,551

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

	As At 31st March 2021					
	Less than 1 year		1-2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Trade payables and accrued expenses	3,324,244	334,925,948	-	-	-	-
Other current liabilities	2,857,855	287,936,056	-	-	-	-
		Unaudited		Unaudited		Unaudited
		Unaudited		Unaudited		Unaudited
		Unaudited		Unaudited		Unaudited
		Unaudited		Unaudited		Unaudited
Trade payables and accrued expenses	6,422,656	600,518,589	-	-	-	-
Other liabilities	2,183,180	204,127,330	-	-	-	-

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% (2020: 19%) of its sales in the year under review were in US dollars and 8% (2020: 7%) 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, 2021 and March 31, 2020.

	As at 31st March 2021							
	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
Asset								
Trade Receivables	1,527,223	153,871,544	2,556,296	257,553,239	143,184	14,426,144	4,226,703	425,850,927
Contract Assets-Unbilled Revenue	375,816	37,864,362	707,530	71,285,451	94,710	9,542,262	1,178,056	118,692,075
Cash and cash equivalents	150,304	15,143,538	420,712	42,387,798	192,814	19,426,480	763,830	76,957,816
Other assets	-	-	-	-	(13,678)	(1,378,095)	(13,678)	(1,378,095)
Liabilities								
Trade payables and accrued expenses	251,571	25,346,394	284,865	28,700,880	22,177	2,234,363	558,613	56,281,637
Unearned Sales	-	-	7,865	792,445	-	-	7,865	792,445
Other liabilities	-	-	-	-	6,745	679,583	6,745	679,583
Net assets/liabilities	1,801,772	181,533,050	3,391,808	341,733,163	388,108	39,102,845	5,581,688	562,369,058

Notes to the financial statements (Contd.)

	As at 31st March 2020							
	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
Asset								
Trade Receivables	925,751	86,557,725	3,263,065	305,096,534	45,136	4,220,217	4,233,952	395,874,476
Contract Assets-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)
Liabilities								
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)
Net assets/liabilities	925,870	86,568,828	2,902,789	271,410,770	269,317	25,181,152	4,097,976	383,160,750

* Other include currencies such as Singapore-\$ (SGD), Czech Republic-Karuna (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, 2021 and 2020 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £55,817 and £40,980, respectively.

11. Income tax expense

In the Budget announced in March 2021 it was announced the tax rate would increase to 25% from April 2023, with marginal reliefs available. This is not yet enacted into law. Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2021	2021	2020	2020
	£	₹	£	₹
	Unaudited		Unaudited	
Current taxes				
UK Corporation tax on profits of the year	217,620	21,925,762	225,430	21,077,647
Adjustment in respect of previous years	(2,225)	(224,174)	(70,233)	(6,566,786)
Total	215,395	21,701,588	155,197	14,510,861
Deferred taxes				
Origination and reversal of timing differences	(4,129)	(416,007)	3,197	298,920
Total	(4,129)	(416,007)	3,197	298,920
Grand Total	211,266	21,285,581	158,394	14,809,781

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,			
	2021	2021	2020	2020
	£	₹	£	₹
	Unaudited		Unaudited	
Profit before income tax	1,112,988	112,136,284	1,387,949	129,773,099
Profit on ordinary activities multiplied by rate of tax	211,468	21,305,907	263,710	24,656,896
Expenses not deductible for tax purposes	3,481	350,751	50,101	4,684,444
Movement in capital allowances	7,619	767,618	(3,563)	(333,141)
Tax credit on employee share based payments	(4,948)	(498,514)	(84,818)	(7,930,597)
Adjustment in respect of previous years	(2,225)	(224,174)	(70,233)	(6,566,741)
Deferred tax	(4,129)	(416,007)	3,197	298,920
Total tax expense	211,266	21,285,581	158,394	14,809,781

The standard rates of UK corporation tax, for the year ended March 31, 2021 and March 31, 2020 are 19% and 19% respectively.

Changes in tax rates and factors affecting the future tax charge

The components of deferred tax liability are as follows:

	As at	As at	As at	As at
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Property, Plant and Equipment	(37,002)	(3,728,011)	(39,924)	(3,732,895)
Provision	7,541	759,742	6,334	592,229
Net deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)

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

	As at	As at	As at	As at
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)
Balance brought forward	(33,590)	(3,384,276)	(30,393)	(2,841,746)
Profit and loss account movement arising during the year	4,129	416,007	(3,197)	(298,920)
Total deferred tax liability	(29,461)	(2,968,269)	(33,590)	(3,140,666)

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 (2020: 1,629,700) equity shares of £1 each. Par value of the equity shares is recorded as share capital and each equity share carries the same voting rights.

The Issued, subscribed and paid-up capital of the Company is 685,815 (2020: 685,815) equity shares of £1 each amounting to £685,815 (2020: £685,815).

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

The Company declares and pays dividends in GBP/Euro/USD.

The Board of Directors recommended the interim dividend of GBP 1.25(2020:NIL) on 685,815 shares of GBP 1 each, aggregating GBP 857,269 (2020: NIL) declared by the Board of Directors on 29th October, 2020, and paid on 5th November, 2020, as the final dividend for the year ended 31st March, 2021.

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 31 March 2021 £	As at 31 March 2021 ₹	As at 31 March 2020 £	As at 31 March 2020 ₹
Total equity attributable to the equity share holders of the company	6,574,746	662,422,015	6,530,293	610,582,350
As percentage of total capital	100%	100%	100%	100%
Total capital	6,574,746	662,422,015	6,530,293	610,582,350

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,			
	2021 £	2021 ₹	2020 £	2020 ₹
		Unaudited		Unaudited
United Kingdom	40,543,633	4,084,872,384	40,504,830	3,787,201,605
Europe	7,201,543	725,573,461	8,269,477	773,196,100
Singapore	369,413	37,219,275	403,388	37,716,748
Others	690,112	69,530,509	643,972	60,211,382
Total	48,804,701	4,917,195,629	49,821,667	4,658,325,835

14. Expenses by nature

	Year ended March 31,			
	2021 £	2021 ₹	2020 £	2020 ₹
		Unaudited		Unaudited
Employee benefits	18,353,632	1,849,174,324	20,402,941	1,907,674,979
Sub-contractor charges/Outsourced charges	26,968,330	2,717,126,636	25,296,923	2,365,262,311
Travel and conveyance	565,602	56,985,859	1,390,265	129,989,807
Sales & Marketing expenses	23,093	2,326,713	229,521	21,460,251
Staff welfare	164,598	16,583,675	308,258	28,822,148
Legal, Professional and Consultancy Expenses	248,784	25,065,624	218,482	20,428,042
Communication expenses	85,068	8,570,845	184,329	17,234,743
Lease rentals/charges	69,599	7,012,279	65,484	6,122,764
Recruitment	52,956	5,335,449	51,872	4,850,027
Fees for audit of financial statements	73,202	7,375,320	36,081	3,373,612
Depreciation charges	132,215	13,320,957	121,584	11,368,143
Provision for doubtful trade receivables	-	-	159,359	14,900,067
Others	310,912	31,325,169	283,113	26,471,081
Total cost of sales, selling, general and administrative expenses	47,047,991	4,740,202,850	48,748,212	4,557,957,975

The total cost of sales, selling, general and administrative expenses in the table above includes £42,681,736 (2020: £43,762,871) towards cost of sales and £4,366,256 (2020: £4,985,343) towards selling, general and administrative expenses. Additional cost of £18,000 were incurred and accounted for during FY 2021 in relation to the finalization of the audit for the year ended 31st March, 2020. No non-audit fee was paid to statutory auditor of the Company during the year. Depreciation charges above includes depreciation on Property, Plant and Equipment (refer Note 5) and depreciation on ROU assets (refer Note 17).

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.

Notes to the financial statements (Contd.)

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.

15. Employee benefits

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

By Activity	2021	2020
	No	No
Delivery	253	297
Marketing	12	14
Administration	9	9
	<u>274</u>	<u>320</u>

Employee benefits include:

	Year ended March 31,		Year ended March 31,	
	2021	2021	2020	2020
	£	₹	£	₹
	Unaudited		Unaudited	
Wages and salaries	16,243,747	1,636,598,080	18,016,062	1,684,501,834
Social security costs	2,098,680	211,447,312	2,282,909	213,451,964
ESOS Cost	11,205	1,128,932	103,970	9,721,181
Total	<u>18,353,632</u>	<u>1,849,174,324</u>	<u>20,402,941</u>	<u>1,907,674,979</u>

An amount of £ 2,098,681 (2020: £ 2,282,909) 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,		Year ended March 31,	
	2021	2021	2020	2020
	£	₹	£	₹
	Unaudited		Unaudited	
Cost of sales	14,730,530	1,484,137,751	17,003,052	1,589,785,330
Selling, general and administrative expenses	<u>3,623,102</u>	<u>365,036,573</u>	<u>3,399,889</u>	<u>317,889,649</u>
Total	<u>18,353,632</u>	<u>1,849,174,324</u>	<u>20,402,941</u>	<u>1,907,674,979</u>

16. Finance and other income

	Year ended March 31,		Year ended March 31,	
	2021	2021	2020	2020
	£	₹	£	₹
	Unaudited		Unaudited	
Interest Income	185	18,664	9,529	890,944
Others	754	75,967	-	-
Total	<u>939</u>	<u>94,631</u>	<u>9,529</u>	<u>890,944</u>

17. Leases

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	
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Right of Use Asset - Buildings	373,328	37,613,729	373,328	34,906,209
Less: Accumulated Depreciation	<u>(157,191)</u>	<u>(15,837,373)</u>	<u>(78,595)</u>	<u>(7,348,673)</u>
Right of Use Asset Net	<u>216,137</u>	<u>21,776,356</u>	<u>294,733</u>	<u>27,557,536</u>
	As at		As at	
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£	₹	£	₹
	Unaudited		Unaudited	
Lease Liability				
Opening Lease Liability	313,587	31,594,716	373,328	34,906,168
Add: Interest Cost on the Leases	5,553	559,486	7,097	663,608
Less: Lease Payments	<u>(85,056)</u>	<u>(8,569,604)</u>	<u>(66,838)</u>	<u>(6,249,353)</u>
Closing Lease Liability	<u>234,084</u>	<u>23,584,598</u>	<u>313,587</u>	<u>29,320,423</u>

18. Related party relationships and transactions**Name of related party****i) Ultimate Parent Company:**

ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071, India

ii) Immediate Parent Company:

ITC Infotech India Limited, Virginia House, 37 J. L. Nehru Road, Kolkata – 700071, India

iii) Other Related Parties With Whom The Company Had Transactions.**Subsidiaries of Immediate Parent Company:**

ITC Infotech (USA), Inc.

Notes to the financial statements (Contd.)

Indivate Inc.

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	For the year ended / As at 31 March 2021 £	For the year ended / As at 31 March 2021 ₹	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹	For the year ended / As at 31 March 2021 £	For the year ended / As at 31 March 2021 ₹	For the year ended / As at 31 March 2020 £	For the year ended / As at 31 March 2020 ₹
		Unaudited		Unaudited		Unaudited		Unaudited
Sale of goods/Services	-	-	-	-	51,392	5,177,853	50,891	4,758,325
Expenses Recovered	29,586	2,980,913	128,833	12,045,851	-	-	1,857	173,668
Purchase of goods/Services	24,841,516	2,502,844,864	21,182,961	1,980,606,874	-	-	-	-
Balance as on 31st March								
Trade receivables	222,038	22,370,884	192,457	17,994,730	-	-	-	-
Trade payables	2,477,353	249,599,558	5,358,081	500,980,580	-	-	-	-

Key Managerial Personnel:

Non-Executive Directors

S. Puri	Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Singh	Director

Others

H.S. Garewal	President (1st April, 2020 - 23rd March, 2021)
Anindya Roy	President - Designate (21st December, 2020 - 31st March, 2021)

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, 2021 and March 31, 2020 have been detailed below:

	2021	Year ended March 31,		2020
	£	2021	2020	2020
		₹	₹	₹
		Unaudited		Unaudited
President:				
Salaries	255,407	25,732,886	165,367	15,461,815
Social security contribution	59,591	6,003,992	32,467	3,035,693
Incentives	178,949	18,029,559	311,849	29,157,882
Total	493,947	49,766,437	509,683	47,655,390

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.