

## Strategic Report

The Directors present their Strategic Report for the year ended 31st March 2019.

### Key Performance Indicators

	GBP (million)	
	2019	2018
Year Ended March 31,		
Total Income	49.11	42.44
Cost of Sales	41.53	36.01
Gross Profit	7.57	6.43
Profit before Tax	1.64	1.35
Profit after Tax	1.57	1.27

The financial performance in 2018-19 remained steady. Total Income and Profit before Tax grew at 15.7% and 21.5% over the previous year.

### Business Review

In 2018-19 the Company achieved a revenue of GBP 49.11 million while the net profit was GBP 1.57 million. The Company saw strong growth in existing accounts and good wins / traction in the select industry verticals.

The Company will sharpen its focus on shaping well defined digital offerings with specialized solutions and services to target select industry verticals. The Company will bring in a sharper focus on expanding its

### Directors' Report

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2019.

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

### Principal activities

The Company is engaged in marketing, sales and delivery of IT services.

### 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), 14% (2018: 5%) of its sales in the year under review were in US dollars and 8% (2018: 8%) in Euro. The Company has bank accounts in multiple currencies and during the year under review it did not hold any hedging instruments. 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

In terms of Article 17 of the Articles of Association of the Company and as nominated by ITC Infotech India Limited, the Board of Directors of the Company appointed Mr. S. Singh as a Director of the Company with effect from 1st February, 2019.

Ms. S. Rajagopalan resigned as a Director of the Company with effect from 1st February, 2019.

The Directors in office at the end of the year are listed below. All the Directors, except Ms. Rajagopalan and Mr. Singh, served on the Board throughout the year. The Directors did not have any interest in the shares of the Company as at 31st March, 2019 and 1st April, 2018 as indicated below:

	2019 and 2018 Ordinary Shares
Y. C. Deveshwar	-
S. Puri	-
S. Sivakumar	-
B. B. Chatterjee	-
S. Rajagopalan (upto 31st January, 2019)	-
S. Singh (from 1st February, 2019)	-
R. Tandon	-

business in its strategic accounts which have a clear potential for growth. New business acquisition will continue to be accelerated. The Company will continue to strengthen alliances with large scale software vendors while forming and nurturing new partnerships with emerging, future ready Independent Software Vendors.

### Principal Risks and Uncertainties

The volatility around British Pound and Euro and post Brexit macro uncertainties in the UK is a risk for the Company. However, the Company will continue to focus on the stated strategy to grow the business in the European markets, which present a significant growth opportunity. In addition, the transformative changes in the IT services industry, driven by the rapid adoption of new technologies by clients in the target verticals of the Company presents a challenge and also an opportunity. The Company's focus on specialized digital solutions and services will ensure it continues to grow as a strategic partner to its clients in their digital transformation journey.

### Approved by the Board on 29th April, 2019 and signed on behalf of the Board by

S. Sivakumar Vice Chairman	Sudip Singh Director	ITC Infotech Limited Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire MK7 8LF
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Mr. S. Puri, Director & Sr. Vice Chairman and Mr. B. B. Chatterjee, Director will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

### 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 and functions 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.

### Independent Auditors

PricewaterhouseCoopers LLP, Auditors, offer themselves for re-appointment in accordance with the provisions of Section 485 of the Companies Act, 2006.

### Approved by the Board on 29th April, 2019 and signed on behalf of the Board by

S. Sivakumar Vice Chairman	Sudip Singh Director	ITC Infotech Limited Building 5, Caldecotte Lake Drive, Caldecotte, Milton Keynes, Buckinghamshire MK7 8LF
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH LIMITED****Report on the audit of the financial statements****Our 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 2019 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 2019; 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**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

**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.

**Income Statement**

		Year ended March 31,			
		2019 £	2019 ₹	2018 £	2018 ₹
		Unaudited		Unaudited	
Revenue	13				
-Sale of Services		48,948,243	4,431,284,414	42,440,931	3,916,449,112
-Resale of Software/Hardware		158,720	14,368,922	-	-
Cost of sales	14	41,533,169	3,759,997,770	36,006,084	3,322,641,431
<b>Gross profit</b>		<b>7,573,794</b>	<b>685,655,566</b>	<b>6,434,847</b>	<b>593,807,681</b>
Selling, general and administrative expenses	14	(5,844,094)	(529,065,823)	(5,204,896)	(480,307,804)
<b>Operating Profit</b>		<b>1,729,700</b>	<b>156,589,743</b>	<b>1,229,951</b>	<b>113,499,877</b>
Foreign exchange (loss)/gain		(95,232)	(8,621,351)	114,897	10,602,695
Finance and other income	16	10,149	918,790	967	89,235
<b>Profit before income tax</b>		<b>1,644,617</b>	<b>148,887,182</b>	<b>1,345,815</b>	<b>124,191,807</b>
Income tax expense	11	(75,527)	(6,837,459)	(73,717)	(6,802,605)
<b>Profit for the year</b>		<b>1,569,090</b>	<b>142,049,723</b>	<b>1,272,098</b>	<b>117,389,202</b>

All the above results relate to continuing activities

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

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.

**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 2019 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 6, 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

21st May 2019

## Statement of Comprehensive Income

	Year ended March 31,			
	2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Profit for the year	1,569,090	142,049,723	1,272,098	117,389,202
Translation reserve	67,336	6,095,928	(166,251)	(15,341,642)
<b>Total other comprehensive income/(expense), net of tax</b>	<b>67,336</b>	<b>6,095,928</b>	<b>(166,251)</b>	<b>(15,341,642)</b>
<b>Total comprehensive income for the year</b>	<b>1,636,426</b>	<b>148,145,651</b>	<b>1,105,847</b>	<b>102,047,560</b>
<b>Attributable to:</b>				
Owners of the Company	1,636,426	148,145,651	1,105,847	102,047,560
	<u>1,636,426</u>	<u>148,145,651</u>	<u>1,105,847</u>	<u>102,047,560</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 2019 £	31 March 2019 ₹ Unaudited	31 March 2018 £	31 March 2018 ₹ Unaudited
<b>Assets</b>					
Property, plant and equipment	4	217,905	19,726,898	8,324	768,131
Deferred income tax asset/(liability)	11	(30,393)	(2,751,478)	102,032	9,415,513
Other non-current assets	7	16,759	1,517,192	9,898	913,387
<b>Total non-current assets</b>		<b>204,271</b>	<b>18,492,612</b>	<b>120,254</b>	<b>11,097,031</b>
Trade receivables	5	8,496,902	769,224,538	5,919,352	546,237,803
Unbilled revenue	5	3,994,925	361,660,560	5,293,349	488,470,246
Other current assets	7	130,684	11,830,823	79,540	7,339,951
Cash and cash equivalents	6	1,870,936	169,375,836	359,446	33,169,677
<b>Total current assets</b>		<b>14,493,447</b>	<b>1,312,091,757</b>	<b>11,651,687</b>	<b>1,075,217,677</b>
<b>Total assets</b>		<b>14,697,718</b>	<b>1,330,584,369</b>	<b>11,771,941</b>	<b>1,086,314,708</b>
<b>Equity</b>					
Share Capital	12	685,815	62,086,832	685,815	63,287,008
Retained earnings		4,614,923	417,817,636	2,978,497	274,855,701
Equity attributable to owners of the company		5,300,738	479,904,468	3,664,312	338,142,709
Non-controlling interests		–	–	–	–
<b>Total equity</b>		<b>5,300,738</b>	<b>479,904,468</b>	<b>3,664,312</b>	<b>338,142,709</b>
Loans and borrowings and bank overdraft		–	–	482,917	44,563,581
Trade payables and accrued expenses	8	6,287,462	569,175,145	5,157,537	475,937,514
Unearned revenue		107,798	9,758,953	154,789	14,283,924
Current tax Liabilities		(44,405)	(4,019,985)	76,240	7,035,427
Other current liabilities	9	3,046,126	275,765,787	2,236,146	206,351,553
<b>Total current liabilities</b>		<b>9,396,981</b>	<b>850,679,900</b>	<b>8,107,629</b>	<b>748,171,999</b>
<b>Total liabilities</b>		<b>9,396,981</b>	<b>850,679,900</b>	<b>8,107,629</b>	<b>748,171,999</b>
<b>Total equity and liabilities</b>		<b>14,697,718</b>	<b>1,330,584,369</b>	<b>11,771,941</b>	<b>1,086,314,708</b>

These financial statements on pages 105 to 116 were approved by the directors on 29th April, 2019 and are signed on their behalf by:

<b>H. S. Garewal</b>	<b>Karan Shukla</b>	<b>Sudip Singh</b>	<b>S. Sivakumar</b>
President	Financial Controller	Director	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 2019

	No. of Shares		Share Capital		Retained Earnings		Total equity		Total equity	
	£	₹	£	₹	£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited		Unaudited	
Balance as at April 1, 2017	685,815	685,815	63,287,008	1,872,650	172,808,141	2,558,465	236,095,149	2,558,465	236,095,149	
Profit for the year	–	–	–	1,272,098	117,389,202	1,272,098	117,389,202	1,272,098	117,389,202	
Other comprehensive income	–	–	–	(166,251)	(15,341,642)	(166,251)	(15,341,642)	(166,251)	(15,341,642)	
<b>Total comprehensive income for the year</b>	–	–	–	<b>1,105,847</b>	<b>102,047,560</b>	<b>1,105,847</b>	<b>102,047,560</b>	<b>1,105,847</b>	<b>102,047,560</b>	
Transactions with owners in their capacity as owners:										
Cash dividend paid	–	–	–	–	–	–	–	–	–	
	–	–	–	–	–	–	–	–	–	
Balance as at March 31, 2018	685,815	685,815	63,287,008	2,978,497	274,855,701	3,664,312	338,142,709	3,664,312	338,142,709	
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	3,664,312	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>	–	–	–	<b>1,636,426</b>	<b>148,145,651</b>	<b>1,636,426</b>	<b>148,145,651</b>	<b>1,636,426</b>	<b>148,145,651</b>	
Transactions with owners in their capacity as owners:										
Cash dividend paid	–	–	–	–	–	–	–	–	–	
	–	–	–	–	–	–	–	–	–	
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	

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 pages 108 to 116 form an integral part of these financial statements.

## Statement of cash flows

	Year ended March 31,			
	2019 £	2019 ₹	2018 £	2018 ₹
	Unaudited		Unaudited	
<b>Cash flows from operating activities</b>				
<b>Profit for the year</b>	<b>1,569,090</b>	<b>142,049,723</b>	<b>1,272,098</b>	<b>117,389,202</b>
Adjustment for:				
Depreciation	10,553	955,319	8,570	790,844
Loss on disposal of asset	25	2,263	327	30,180
Interest income	(8,359)	(756,741)	(884)	(81,576)
Income tax expense	75,527	6,837,459	73,717	6,802,605
Effect of exchange differences on translation	67,336	6,095,928	(166,251)	(15,341,642)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	18,685	1,691,553	18,266	1,685,586
<i>Changes in operating assets and liabilities</i>				
Trade receivables	(2,577,550)	(233,345,578)	(2,396,304)	(221,130,933)
Unbilled revenues	1,298,424	117,546,297	(2,316,177)	(213,736,814)
Other assets	(58,005)	(5,251,158)	(75,914)	(7,005,344)
Trade payables and accrued expenses	1,129,925	102,292,135	1,303,394	120,277,198
Unearned revenues	(46,991)	(4,254,053)	(258,039)	(23,811,839)
Other liabilities	809,976	73,327,212	402,371	37,130,796
<b>Net cash provided by operating activities before taxes</b>	<b>2,288,636</b>	<b>207,190,359</b>	<b>(2,134,826)</b>	<b>(197,001,737)</b>
Income tax (paid)/received	(63,746)	(5,770,964)	153,037	14,122,252
<b>Net cash (utilised by)/generated from used in operating activities</b>	<b>2,224,890</b>	<b>201,419,305</b>	<b>(1,981,789)</b>	<b>(182,879,485)</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(220,157)	(19,930,827)	(3,688)	(340,329)
Interest received	8,359	756,741	884	81,576
<b>Net cash used in investing activities</b>	<b>(211,798)</b>	<b>(19,174,086)</b>	<b>(2,804)</b>	<b>(258,753)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the parent	–	–	–	–
<b>Net cash used in financing activities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(18,685)	(1,691,553)	(18,266)	(1,685,586)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2,013,092</b>	<b>182,245,219</b>	<b>(1,984,593)</b>	<b>(183,138,238)</b>
Cash and cash equivalents at beginning of the year	(123,471)	(11,177,830)	1,879,388	173,429,920
<b>Cash and cash equivalents at end of the year (Note 6)</b>	<b>1,870,936</b>	<b>169,375,836</b>	<b>(123,471)</b>	<b>(11,393,904)</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.

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 GBP 1 = ₹ 90.53 (2018: GBP 1 = ₹ 92.28) as provided by the parent company. The supplementary information has not been audited.

#### 1. Company overview

The Company is engaged in marketing, sales and delivery of IT services.

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, 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, 2019 have been prepared in accordance with the 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) 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.

##### (d) Use of estimates and judgment

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:

- i) *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.
- ii) *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.

#### 3. Significant accounting policies

##### Financial instruments

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

There is no derivative financial instrument.

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) Loans and receivables

Loans and 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. Loans and 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. With effect from 1st January 2018, IFRS 9 replaced the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortized cost and fair value. The Company recognises provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

Loans and 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.

##### (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

Effective April 1, 2018, the Company adopted IFRS 15 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of IFRS 15 was not material. Revenue is recognised at fair value of amounts received or receivable

**Notes to the financial statements (Contd.)**

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.

Amounts received or billed in advance of services performed are treated as ‘unearned revenue’ (contract liability).

‘Unbilled revenue’ (contract asset) represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

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.

**Leased assets**

All leases are operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term. Lease incentives such as rent-free period are spread over the term of the lease contract to recognise rental expense on straight line basis.

**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.

**New standards and interpretations not yet adopted**

**IFRS 16 Leases:** On 1st April 2019, the company will adopt IFRS 16 Leases. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning on or after April 1, 2019. The Standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying IAS 17 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Certain practical expedients are available under both the methods.

The Company is evaluating the requirements of the standard and the impact on the financial statements.

The Company does not foresee material impact on adoption of IFRS 16.

## 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 2017	52,300	4,826,244	103,502	9,551,166	39,948	3,686,401	195,750	18,063,811
Additions	–	–	3,688	340,334	–	–	3,688	340,334
Disposal / adjustments	–	–	(21,214)	(1,957,632)	(2,795)	(257,923)	(24,009)	(2,215,555)
As at March 31, 2018	<u>52,300</u>	<u>4,826,244</u>	<u>85,976</u>	<u>7,933,868</u>	<u>37,153</u>	<u>3,428,478</u>	<u>175,429</u>	<u>16,188,590</u>
<b>Accumulated depreciation:</b>								
As at 1 April 2017	52,300	4,826,244	91,098	8,406,523	38,819	3,582,217	182,217	16,814,984
Depreciation	–	–	8,476	782,165	94	8,679	8,570	790,844
Disposal / adjustments	–	–	(20,887)	(1,927,452)	(2,795)	(257,923)	(23,682)	(2,185,375)
As at March 31, 2018	<u>52,300</u>	<u>4,826,244</u>	<u>78,687</u>	<u>7,261,236</u>	<u>36,118</u>	<u>3,332,973</u>	<u>167,105</u>	<u>15,420,453</u>
Net carrying value as at March 31, 2018	<u>–</u>	<u>–</u>	<u>7,289</u>	<u>672,632</u>	<u>1,035</u>	<u>95,505</u>	<u>8,324</u>	<u>768,131</u>
<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	<u>140,765</u>	<u>12,743,445</u>	<u>98,775</u>	<u>8,942,101</u>	<u>68,955</u>	<u>6,242,489</u>	<u>308,495</u>	<u>27,928,035</u>
<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	<u>(2,225)</u>	<u>(201,468)</u>	<u>73,619</u>	<u>6,664,728</u>	<u>19,198</u>	<u>1,737,995</u>	<u>90,592</u>	<u>8,201,255</u>
Net carrying value as at March 31, 2019	<u>142,990</u>	<u>12,944,913</u>	<u>25,156</u>	<u>2,277,373</u>	<u>49,757</u>	<u>4,504,494</u>	<u>217,905</u>	<u>19,726,898</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.

## 5. Trade receivables

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Trade Receivables	8,496,902	769,224,538	5,919,352	546,237,803
Unbilled Revenue				
- Time & Material	3,356,606	303,873,541	4,777,731	440,889,017
-Fixed Price contracts based on % Completion	638,319	57,787,019	515,618	47,581,228
<b>Total</b>	<u>12,491,827</u>	<u>1,130,885,098</u>	<u>11,212,701</u>	<u>1,034,708,048</u>

Unbilled Revenue receivables represent amounts recognised based on services performed in advance of billing in accordance with contract terms:

- in a Time & Material Contract – Right to consideration from customer that is unconditional upon passage of time
- 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 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Cash balances	89	8,057	41	3,783
Cash at bank	1,870,847	169,367,779	359,405	33,165,893
<b>Cash and cash equivalents on statement of financial position</b>	<u>1,870,936</u>	<u>169,375,836</u>	<u>359,446</u>	<u>33,169,677</u>
Bank overdrafts used for cash management purposes	–	–	(482,917)	(44,563,581)
<b>Cash and cash equivalents in the cash flow statement</b>	<u>1,870,936</u>	<u>169,375,836</u>	<u>(123,471)</u>	<u>(11,393,904)</u>

## 7. Other Assets

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
<b>Non-current</b>				
Security deposits	198	17,925	198	18,271
Loans and Advances to employees	16,561	1,499,267	9,700	895,116
	<u>16,759</u>	<u>1,517,192</u>	<u>9,898</u>	<u>913,387</u>
<b>Current</b>				
Security deposits	–	–	1,362	125,685
Prepaid Expenses	79,792	7,223,570	29,564	2,728,166
Loans and Advances to Employees	49,416	4,473,631	47,138	4,349,895
Others	1,476	133,622	1,476	136,205
	<u>130,684</u>	<u>11,830,823</u>	<u>79,540</u>	<u>7,339,951</u>
<b>Total</b>	<u>147,443</u>	<u>13,348,015</u>	<u>89,438</u>	<u>8,253,338</u>

## 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 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
Trade payables	5,134,098	464,789,891	4,062,798	374,914,999
Accrued expenses	1,153,364	104,385,254	1,094,739	101,022,515
<b>Total</b>	<b>6,287,462</b>	<b>569,175,145</b>	<b>5,157,537</b>	<b>475,937,514</b>

## 9. Other Current liabilities

	As at 31 March 2019 £	As at 31 March 2019 ₹ Unaudited	As at 31 March 2018 £	As at 31 March 2018 ₹ Unaudited
<b>Current</b>				
Employee and other liabilities	2,214,485	200,477,327	1,418,960	130,941,629
Statutory dues payable	831,641	75,288,460	817,186	75,409,924
<b>Total</b>	<b>3,046,126</b>	<b>275,765,787</b>	<b>2,236,146</b>	<b>206,351,553</b>

## 10. Financial instruments

Financial instruments by category

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

	Loans and receivables		Financial liabilities measured at 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	569,175,145	6,287,462	569,175,145	6,287,462	569,203,935
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>578,934,098</b>	<b>6,395,260</b>	<b>578,934,098</b>	<b>6,395,260</b>	<b>578,962,888</b>

Revenue of 2018-19 includes an amount of £ 154,789 recognised as 'Unearned Revenue' in financial year 2017-18.

The carrying value and fair value of financial instruments by categories as at March 31, 2018 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
<b>Assets:</b>								
Trade receivables	5,919,352	546,237,803	-	-	5,919,352	546,237,803	5,919,352	546,237,803
Unbilled revenue	5,293,349	488,470,246	-	-	5,293,349	488,470,246	5,293,349	488,470,246
Cash and cash equivalents	359,446	33,169,677	-	-	359,446	33,169,677	359,446	33,169,677
Other Assets	89,438	8,253,338	-	-	89,438	8,253,338	89,438	8,253,338
<b>Total assets</b>	<b>11,661,585</b>	<b>1,076,131,064</b>	<b>-</b>	<b>-</b>	<b>11,661,585</b>	<b>1,076,131,064</b>	<b>11,661,585</b>	<b>1,076,131,064</b>
<b>Liabilities:</b>								
Loans and borrowings and bank overdraft	-	-	482,917	44,563,581	482,917	44,563,581	482,917	44,563,581
Trade payables and accrued expenses	-	-	5,157,537	475,937,514	5,157,537	475,937,514	5,157,537	475,937,514
Unearned revenue	-	-	154,789	14,283,924	154,789	14,283,924	154,789	14,283,924
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5,795,243</b>	<b>534,785,019</b>	<b>5,795,243</b>	<b>534,785,019</b>	<b>5,795,243</b>	<b>534,785,019</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,			
	2019 £	2019 ₹ Unaudited	2018 £	2018 ₹ Unaudited
Revenue from top customer	18,054,341	1,634,459,448	12,353,583	1,139,988,639
Revenue from top 5 customer	37,717,247	3,414,542,345	31,118,478	2,871,613,150

## 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 (2017-18: 30-120 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 2019		As at 31 March 2018	
	£	₹	£	₹
		Unaudited		Unaudited
Past due 0-30 days	1,087,038	98,409,585	2,211,583	204,084,879
Past due 30-60 days	106,963	9,683,364	189,531	17,489,921
Past due 60-90 days	10,956	991,877	23,821	2,198,202
Past due over 90 days	101,813	9,217,106	104,531	9,646,121
<b>Total past due and not impaired</b>	<b>1,306,770</b>	<b>118,301,932</b>	<b>2,529,466</b>	<b>233,419,123</b>

The allowance for impairment in respect of trade receivables for the year ended March 31, 2019 and March 31, 2018 was GBP Nil and GBP Nil respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2019		As at 31 March 2018	
	£	₹	£	₹
		Unaudited		Unaudited
Balance at the beginning of the year	-	-	747,581	68,986,775
Less: Opening forex reinstatement	-	-	(145,657)	(13,441,228)
Additions during the year	-	-	-	-
Received during the year	-	-	(1,112)	(102,615)
Written off during the year	-	-	(600,812)	(55,442,932)
Add: Closing forex reinstatement	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</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 31 March 2019		As at 31 March 2018	
	£	₹	£	₹
		Unaudited		Unaudited
Cash and cash equivalents	1,870,936	169,375,836	(123,471)	(11,393,904)
<b>Total</b>	<b>1,870,936</b>	<b>169,375,836</b>	<b>(123,471)</b>	<b>(11,393,904)</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018:

	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	569,175,145	-	-	-	-
Other current liabilities	3,046,126	275,765,787	-	-	-	-
	As At 31st March 2018					
	Less than 1 year		1-2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	482,917	44,563,581	-	-	-	-
Trade payables and accrued expenses	5,157,537	475,937,514	-	-	-	-
Other liabilities	2,236,146	206,351,553	-	-	-	-

## 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, 14% (2018: 5%) of its sales in the year under review were in US dollars and 8% (2018: 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, 2019 and March 31, 2018.

## 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	(1,883)	(170,489)
<b>Net assets/liabilities</b>	<b>479,782</b>	<b>43,434,622</b>	<b>2,034,473</b>	<b>184,180,847</b>	<b>135,983</b>	<b>12,310,529</b>	<b>2,650,237</b>	<b>239,925,998</b>

## Notes to the financial statements (Contd.)

As at 31st March 2018

	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	₹	£	₹
	Unaudited		Unaudited		Unaudited		Unaudited	
<b>Asset</b>								
Trade Receivables	271,748	25,076,905	250,883	23,151,483	65,836	6,075,346	588,467	54,303,734
Unbilled Revenue	471,859	43,543,149	691,469	63,808,759	30,753	2,837,887	1,194,081	110,189,795
Cash and cash equivalents	343,890	31,734,169	315,366	29,101,974	26,100	2,408,508	685,356	63,244,651
Other assets	-	-	-	-	(344)	(31,744)	(344)	(31,744)
<b>Liabilities</b>								
Trade payables and accrued expenses	106,530	9,830,588	(148,209)	(13,676,727)	38,382	3,541,891	(3,297)	(304,248)
Unearned Sales	83,766	7,729,926	71,023	6,554,002	-	-	154,789	14,283,928
Other liabilities	5,329	491,760	-	-	3,498	322,795	8,827	814,555
<b>Net assets/liabilities</b>	<b>891,872</b>	<b>82,301,949</b>	<b>1,334,904</b>	<b>123,184,941</b>	<b>80,465</b>	<b>7,425,311</b>	<b>2,307,241</b>	<b>212,912,201</b>

\* 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, 2019 and 2018 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £26,502 and £23,072 respectively.

## 11. Income tax credit

Income tax credit in the statement of income consists of:

	2019		Year ended March 31, 2018	
	£	₹	£	₹
	Unaudited		Unaudited	
<b>Current taxes</b>				
UK Corporation tax on profits of the year	120,462	10,905,425	43,060	3,973,577
Adjustment in respect of previous years	(177,360)	(16,056,401)	132,117	12,191,757
With holding tax	-	-	-	-
<b>Total</b>	<b>(56,898)</b>	<b>(5,150,976)</b>	<b>175,177</b>	<b>16,165,334</b>
<b>Deferred taxes</b>				
Origination and reversal of timing differences	132,425	11,988,435	(101,460)	(9,362,729)
<b>Total</b>	<b>132,425</b>	<b>11,988,435</b>	<b>(101,460)</b>	<b>(9,362,729)</b>
<b>Grand Total</b>	<b>75,527</b>	<b>6,837,459</b>	<b>73,717</b>	<b>6,802,605</b>

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:

	2019		Year ended March 31, 2018	
	£	₹	£	₹
	Unaudited		Unaudited	
Profit before income tax	1,644,617	148,887,182	1,345,815	124,191,807
Profit on ordinary activities multiplied by rate of tax	312,477	28,288,556	255,705	23,596,457
Expenses not deductible for tax purposes	77,412	7,008,108	(11,308)	(1,043,502)
Movement in capital allowances	(116,175)	(10,517,323)	113,396	10,464,183
Tax credit on employee share based payments	(153,252)	(13,873,904)	(314,733)	(29,043,561)
Adjustment in respect of previous years	(177,360)	(16,056,401)	132,117	12,191,757
<b>Total current tax expense</b>	<b>(56,898)</b>	<b>(5,150,964)</b>	<b>175,177</b>	<b>16,165,334</b>

The standard rates of UK corporation tax, for the year ended March 31, 2019 and March 31, 2018 are 19% and 19% respectively.

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

	As at 31 March 2019		As at 31 March 2018	
	£	₹	£	₹
	Unaudited		Unaudited	
Property, Plant and Equipment	(34,507)	(3,123,919)	816	75,300
Provision	4,114	372,440	101,216	9,340,213
<b>Net deferred tax (liability)/asset</b>	<b>(30,393)</b>	<b>(2,751,479)</b>	<b>102,032</b>	<b>9,415,513</b>

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

	As at 31 March 2019		As at 31 March 2018	
	£	₹	£	₹
	Unaudited		Unaudited	
Deferred tax (liability)/asset	(30,393)	(2,751,478)	102,032	9,415,513
Balance brought forward	102,032	9,236,957	572	52,784
Profit and loss account movement arising during the year	(132,425)	(11,988,435)	101,460	9,362,729
<b>Total deferred tax (liability)/asset</b>	<b>(30,393)</b>	<b>(2,751,478)</b>	<b>102,032</b>	<b>9,415,513</b>

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 (2018: 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 (2018: 685,815) equity shares of £1 each amounting to £685,815 (2018: 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.

## 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 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
	£	₹	£	₹
Total equity attributable to the equity share holders of the company	<u>5,300,738</u>	<u>479,904,468</u>	<u>3,664,312</u>	<u>338,142,709</u>
As percentage of total capital	100%	100%	100%	100%
<b>Total capital</b>	<u><b>5,300,738</b></u>	<u><b>479,904,468</b></u>	<u><b>3,664,312</b></u>	<u><b>338,142,709</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,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited
United Kingdom	39,524,432	3,578,146,829	37,856,873	3,493,432,240
Europe	8,635,069	781,732,797	4,374,838	403,710,050
Singapore	261,328	23,657,999	89,511	8,260,075
Others	686,134	62,115,711	119,709	11,046,747
<b>Total</b>	<u><b>49,106,963</b></u>	<u><b>4,445,653,336</b></u>	<u><b>42,440,931</b></u>	<u><b>3,916,449,112</b></u>

	Year ended March 31,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited

## 14. Expenses by nature

Employee benefits	21,197,101	1,918,973,557	19,429,965	1,792,997,169
Sub-contractor charges/Outsourced charges	23,275,591	2,107,139,254	19,147,898	1,766,968,027
Travel and conveyance	1,442,373	130,578,011	1,318,974	121,714,921
Sales & Marketing expenses	354,181	32,064,005	386,058	35,625,432
Staff welfare	286,415	25,929,143	248,629	22,943,485
Legal, Professional and Consultancy Expenses	186,601	16,892,987	165,325	15,256,191
Communication expenses	214,478	19,416,691	159,883	14,754,004
Lease rentals/charges	113,658	10,105,049	81,713	7,540,476
Recruitment	61,418	5,560,172	62,442	5,762,148
Audit Fees	33,332	3,017,545	26,844	2,477,164
Depreciation charges	10,553	955,328	8,570	790,844
Provision for doubtful trade receivables	-	-	(1,112)	(102,615)
Others	201,561	18,431,726	175,791	16,221,993
<b>Total cost of sales, selling, general and administrative expenses</b>	<u><b>47,377,262</b></u>	<u><b>4,289,063,468</b></u>	<u><b>41,210,980</b></u>	<u><b>3,802,949,239</b></u>

## 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.

## 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:

By Activity	2019	2018
	No	No
Delivery	303	302
Marketing	19	22
Administration	10	10
	<u>332</u>	<u>334</u>

Employee benefits include:

	Year ended March 31,		2018	
	2019	2019	2018	2018
	£	₹	£	₹
	Unaudited		Unaudited	
Wages and salaries	18,814,787	1,705,746,975	16,964,519	1,565,485,813
Social security costs	2,114,058	191,385,676	2,043,738	188,596,142
ESOS Cost	241,256	21,840,906	421,708	38,915,214
<b>Total</b>	<u>21,197,101</u>	<u>1,918,973,557</u>	<u>19,429,965</u>	<u>1,792,997,169</u>

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

	Year ended March 31,		2018	
	2019	2019	2018	2018
	£	₹	£	₹
	Unaudited		Unaudited	
Cost of sales	16,814,515	1,522,218,051	15,787,729	1,456,891,633
Selling, general and administrative expenses	4,382,586	396,755,506	3,642,236	336,105,536
<b>Total</b>	<u>21,197,101</u>	<u>1,918,973,557</u>	<u>19,429,965</u>	<u>1,792,997,169</u>

## 16. Finance and other income

	Year ended March 31,		2018	
	2019	2019	2018	2018
	£	₹	£	₹
	Unaudited		Unaudited	
Interest Income	8,359	756,741	884	81,576
Others	1,790	162,049	83	7,659
<b>Total</b>	<u>10,149</u>	<u>918,790</u>	<u>967</u>	<u>89,235</u>

## 17. Operating leases

Lease rental expense under non-cancellable operating lease during year ended March 31, 2019 and March 31, 2018 amounted to GBP 21,669 and GBP 1,912 respectively. Future minimum lease payments under non-cancellable operating lease as at March 31, 2019 and March 31, 2018 is as below:

## Minimum lease payments

	As at		As at	
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£	₹	£	₹
	Unaudited		Unaudited	
Payable – Not later than one year	108,151	9,790,920	1,912	176,439
Payable – Later than one year and not later than five years	514,679	46,593,888	4,349	401,326
Payable – Later than five years	–	–	–	–

The rental expense under cancellable operating lease during year ended March 31, 2019 and March 31, 2018 amounted to GBP 91,989 and GBP 79,784 respectively.

## 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) 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			
	As at	As at	As at	As at	As at	As at	As at	As at
	31 March 2019	31 March 2019	31 March 2018	31 March 2018	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£	₹	£	₹	£	₹	£	₹
	Unaudited		Unaudited		Unaudited		Unaudited	
Sale of goods/Services	–	–	–	–	52,311	4,735,753	83,831	7,735,925
Expenses Recovered	154,244	13,963,724	74,268	6,853,451	–	–	–	–
Purchase of goods/Services	15,059,531	1,363,339,323	14,959,722	1,380,483,146	–	–	–	–
Balance as on 31st March								
Trade receivables	63,624	5,759,916	121,861	11,245,333	52,311	4,735,753	72,770	6,715,216
Trade payables	4,542,873	411,266,332	2,942,664	271,549,034	–	–	–	–

**Notes to the financial statements (Contd.)****Key Managerial Personnel:****Non-Executive Directors**

Y. C. Deveshwar	Chairman
Sanjiv Puri	Sr. Vice Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Rajagopalan (upto 31st January, 2019)	Director
Sudip Singh (from 1st February, 2019)	Director

**Others**

H. S. Garewal	President
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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, 2019 and March 31, 2018 have been detailed below:

	Year ended March 31,			
	2019	2019	2018	2018
	£	₹	£	₹
		Unaudited		Unaudited
<b>President:</b>				
Salaries	163,212	14,775,582	155,588	14,357,661
Social security contribution	24,912	2,255,283	20,814	1,920,716
Incentives	25,739	2,330,152	–	–
<b>Total</b>	<b>213,863</b>	<b>19,361,017</b>	<b>176,402</b>	<b>16,278,377</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.