STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31st March 2016.

Key Performance Indicators GBP (million)

Year Ended March 31,	2016	2015
Total Income	31.19	28.69
Cost of Sales	25.31	22.19
Gross Profit	5.88	6.50
Profit before Tax	1.00	0.93
Profit after Tax	0.73	0.68

The financial performance in 2015–16 remained healthy; Total Income and Profit before Tax grew at 8.71% and 7.53% over the previous year.

Business review

The spending on IT services was weak in the UK and other western European economies that are still recovering from the recession. Your Company, however, saw good traction in new business acquisition and added 12 new clients in the European region during the year. Your Company also saw strong wins in Digital, Customer experience, PLM, ADM, Infrastructure and Data services and solutions in the region.

During the year, your Company has further invested in building a robust sales presence in the European region and has also strengthened its focused selling in countries such as Germany. Your Company will continue to emphasise its strengths in domain knowledge, data, digital, design and differentiated delivery to win new clients and increase concentration in existing clients. In the coming year, your Company will work on expanding its collaborative partnerships with key participants in the Industry ecosystem, particularly Independent Software Vendors, in areas such as PLM and Digital areas to expand its depth in capability building and thereby reach new clients.

Principal Risks and Uncertainties

Currency volatility and continuing uncertainty in the recovery of economies of some countries in Europe may impact projected growth. However, your Company follows a long term strategy of investment and is confident of effectively addressing challenges that may arise on the business development front.

Approved by the Board on 27th April, 2016 and signed on behalf of the Board by

ITC Infotech Limited
Norfolk House
118 Saxon Gate West — **S. Rajagopalan**, Director — **S. Sivakumar**, Vice Chairman
Milton Keynes, MK9 2DN

DIRECTORS' REPORT

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2016.

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), 2% (2015: 6%) of its sales in the year under review were in US dollars and 18% (2015: 16%) 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.

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 2.20 (2015: GBP 4.25) per Ordinary share of GBP 1 each on 685,815 shares, aggregating GBP 1,508,793, declared by the Board of Directors on 7th December, 2015 (2015 : GBP 2,914,714) and paid on 8th December, 2015, as the final dividend for the year ended 31st March, 2016.

Directors

The Directors of the Company who were in office during the year and as on the date of signing the financial statements are listed below. The Directors did not have any interest in the shares of the Company as at 31st March, 2016 and 1st April, 2015 as indicated below:

	2016 and 2015 Ordinary Shares
Y. C. Deveshwar	–
S. Sivakumar	–
B. B. Chatterjee	–
S. Rajagopalan	–
R. Tandon	–

Mr. R.Tandon, Director, and Mr. B.B.Chatterjee, Director, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re–election.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Financial Statements are the Company's first European Union adopted IFRS (International Financial Reporting Standards) financial statements. The transition to IFRS has been carried out from the accounting principles generally accepted in the United Kingdom ("UK GAAP").

Based on a careful consideration of various facts and circumstances including, inter alia, orders in hand and cash reserves, the Directors are of the opinion that there are no material uncertainties that may cast significant doubt about 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.

Statement of disclosure of information to auditors

In so far as the Directors are aware: (i) there is no relevant audit information of which the Company's Auditors are unaware; and (ii) they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that audit information.

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 27th April, 2016 and signed on behalf of the Board by

ITC Infotech Limited
Norfolk House
118 Saxon Gate West — **S. Rajagopalan**, Director — **S. Sivakumar**, Vice Chairman
Milton Keynes, MK9 2DN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH LIMITED

Report on the financial statements

Our opinion

In our opinion, ITC Infotech Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2016;
- the statement of other comprehensive income for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page [7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non–financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mike Robinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
28th April, 2016

INCOME STATEMENT

	Note	2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
		Year ended March 31,			
Revenue	14	**31,186,296**	**2,977,433,644**	28,686,343	2,652,626,137
Cost of sales	15	**25,306,730**	**2,416,096,783**	22,188,393	2,051,760,701
Gross profit		**5,879,566**	**561,336,861**	6,497,950	600,865,436
Selling, general and administrative expenses	15	**5,024,478**	**479,699,475**	5,426,406	501,779,762
Operating Profit		**855,088**	**81,637,386**	1,071,544	99,085,674
Foreign exchange gain/(loss)		**136,623**	**13,043,740**	(143,246)	(13,245,958)
Finance and other income	17	**4,541**	**433,541**	4,449	411,399
Profit before income tax		**996,252**	**95,114,667**	932,747	86,251,115
Income tax expense	12	**268,237**	**25,609,257**	249,043	23,029,006
Profit for the year		**728,015**	**69,505,410**	683,704	63,222,109

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME	Year ended March 31,			
	2016	**2016**	2015	2015
	£	**₹**	£	₹
		Unaudited		Unaudited
Profit for the year	**728,015**	**69,505,410**	683,704	63,222,109
Other comprehensive income, net of taxes				
Items that will not be reclassified to profit or loss				
Translation reserve	**(120,488)**	**(11,503,291)**	122,823	11,357,443
Total other comprehensive income, net of taxes	**(120,488)**	**(11,503,291)**	122,823	11,357,443
Total comprehensive income for the year	**607,527**	**58,002,119**	806,527	74,579,552

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		As at 31 March, 2016 £	**As at 31 March, 2016 ₹ Unaudited**	As at 31 March, 2015 £	As at 31 March, 2015 ₹ Unaudited	As at 01 April, 2014 £	As at 01 April 2014 ₹ Unaudited
Assets							
Property, plant and equipment	5	**23,396**	**2,233,675**	34,117	3,154,799	28,872	2,880,415
Other non–current assets	8	**4,198**	**400,794**	3,767	348,309	4,043	403,309
Total non–current assets		**27,594**	**2,634,469**	37,884	3,503,108	32,915	3,283,724
Trade receivables	6	**4,011,823**	**383,018,771**	4,044,308	373,977,161	4,758,129	474,694,740
Unbilled revenue		**3,495,086**	**333,684,598**	3,339,925	308,842,864	2,270,641	226,530,499
Other current assets	8	**75,354**	**7,194,235**	95,316	8,813,896	120,668	12,038,484
Cash and cash equivalents	7	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
Total current assets		**8,692,410**	**829,886,113**	8,786,863	812,521,247	8,847,478	882,668,684
Total assets		**8,720,004**	**832,520,582**	8,824,747	816,024,355	8,880,393	885,952,408
Equity							
Share Capital		**685,815**	**65,476,473**	685,815	63,417,313	685,815	68,420,333
Retained earnings		**2,876,635**	**274,639,532**	3,777,901	349,342,505	5,886,088	587,225,575
Equity attributable to owners of the company		**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908
Non–controlling interests		**–**	**–**	–	–	–	–
Total equity		**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908
Liabilities							
Deferred income tax liabilities	12	**667**	**63,680**	3,041	281,201	1,220	121,713
Total non–current liabilities		**667**	**63,680**	3,041	281,201	1,220	121,713
Trade payables and accrued expenses	9	**3,182,268**	**303,819,081**	2,520,540	233,074,333	1,037,792	103,535,314
Unearned revenue		**430,366**	**41,088,118**	3,459	319,854	–	–
Current tax liabilities		**11,375**	**1,086,000**	1,087	100,515	122,494	12,220,614
Other current liabilities	10	**1,532,878**	**146,347,698**	1,832,904	169,488,634	1,146,984	114,428,859
Total current liabilities		**5,156,887**	**492,340,897**	4,357,990	402,983,336	2,307,270	230,184,787
Total liabilities		**5,157,554**	**492,404,577**	4,361,031	403,264,537	2,308,490	230,306,500
Total equity and liabilities		**8,720,004**	**832,520,582**	8,824,747	816,024,355	8,880,393	885,952,408

These financial statements were approved by the directors on 27th April, 2016 and are signed on their behalf by:

H.S. Garewal
President

G. Bindal
Financial Controller

S. Rajagopalan
Director

S. Sivakumar
Vice Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	No. of Shares	Share Capital		Retained Earnings		Total equity	
		£	₹	£	₹	£	₹
			Unaudited		Unaudited		Unaudited
Balance as at April 1, 2014	**685,815**	**685,815**	**63,417,313**	**5,886,088**	**544,286,557**	**6,571,903**	**607,703,870**
Profit for the year	–	–	–	683,704	63,222,109	683,704	63,222,109
Other comprehensive income	–	–	–	122,823	11,357,443	122,823	11,357,443
Total comprehensive income for the year	**–**	**–**	**–**	**806,527**	**74,579,552**	**806,527**	**74,579,552**
Transactions with owners in their capacity as owners:							
Cash dividend paid	–	–	–	(2,914,714)	(269,523,604)	(2,914,714)	(269,523,604)
	–	**–**	**–**	**(2,914,714)**	**(269,523,604)**	**(2,914,714)**	**(269,523,604)**
Balance as at March 31, 2015	**685,815**	**685,815**	**63,417,313**	**3,777,901**	**349,342,505**	**4,463,716**	**412,759,818**
Balance as at April 1, 2015	**685,815**	**685,815**	**65,476,473**	**3,777,901**	**360,685,653**	**4,463,716**	**426,162,126**
Profit for the year	–	–	–	728,015	69,505,410	728,015	69,505,410
Other comprehensive income	–	–	–	(120,488)	(11,503,291)	(120,488)	(11,503,291)
Total comprehensive income for the year	**–**	**–**	**–**	**607,527**	**58,002,119**	**607,527**	**58,002,119**
Transactions with owners in their capacity as owners:							
Cash dividend paid	–	–	–	(1,508,793)	(144,048,240)	(1,508,793)	(144,048,240)
	–	**–**	**–**	**(1,508,793)**	**(144,048,240)**	**(1,508,793)**	**(144,048,240)**
Balance as at March 31, 2016	**685,815**	**685,815**	**65,476,473**	**2,876,635**	**274,639,532**	**3,562,450**	**340,116,005**

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.
The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW

		Year ended March 31,			
		2016	**2016**	2015	2015
		£	**₹**	£	₹
			Unaudited		Unaudited
Cash flows from operating activities					
Profit for the year		**728,015**	**69,505,410**	683,704	63,222,109
Adjustment for:					
Depreciation & amortisation		**15,945**	**1,522,309**	14,573	1,347,564
Interest income		**(4,541)**	**(433,541)**	(4,366)	(403,724)
Income tax expense		**268,237**	**25,609,257**	249,043	23,029,006
Effect of exchange differences on translation		**(120,488)**	**(11,503,291)**	122,823	11,357,443
Effect of exchange differences on translation of foreign currency cash and cash equivalents		**13,555**	**1,294,130**	69,973	6,470,372
Changes in operating assets and liabilities					
Trade receivables		**32,485**	**3,101,424**	713,821	66,007,028
Unbilled revenues		**(155,161)**	**(14,813,609)**	(1,069,284)	(98,876,691)
Other assets		**19,531**	**1,864,673**	25,628	2,369,821
Trade payables and accrued expenses		**661,728**	**63,176,826**	1,482,748	137,109,708
Unearned revenues		**426,907**	**40,757,879**	3,459	319,854
Other liabilities		**(300,026)**	**(28,644,232)**	685,920	63,427,022
Net cash provided by operating activities before taxes		**1,586,187**	**151,437,235**	2,978,042	275,379,512
Income tax paid		**(260,323)**	**(24,853,685)**	(368,629)	(34,087,123)
Net cash generated from operating activities		**1,325,864**	**126,583,550**	2,609,413	241,292,389
Cash flows from investing activities					
Purchases of property, plant and equipment		**(5,224)**	**(498,748)**	(19,818)	(1,832,570)
Interest received		**4,541**	**433,541**	4,366	403,724
Net cash used in investing activities		**(683)**	**(65,207)**	(15,452)	(1,428,846)
Cash flows from financing activities					
Dividends paid to owners of the parent		**(1,508,793)**	**(144,048,240)**	(2,914,714)	(269,523,604)
Net cash used in financing activities		**(1,508,793)**	**(144,048,240)**	(2,914,714)	(269,523,604)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		**(13,555)**	**(1,294,130)**	(69,973)	(6,470,372)
Net decrease in cash and cash equivalents		**(183,612)**	**(17,529,897)**	(320,753)	(29,660,061)
Cash and cash equivalents at beginning of the year	7	**1,307,314**	**124,812,536**	1,698,040	157,017,759
Cash and cash equivalents at end of the year	7	**1,110,147**	**105,988,509**	1,307,314	120,887,326

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.

The accompanying accounting policies and notes 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 = ₹95.47 (2015: GBP 1 = ₹ 92.47) as provided by the parent company. The supplementary information has not been audited.

1. Company overview

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

The Company is a private limited company incorporated and domiciled in United Kingdom and has its registered office at Norfolk House, 118 Saxon Gate West, Milton Keynes, Buckinghamshire, MK9 2DN.

2. Basis of preparation of financial statements

(a) Statement of compliance

These financial statements as at and for the year ended March 31, 2016 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).

These financial statements are the Company's first IFRS financial statements and are covered by IFRS 1, First time adoption of IFRS. The transition to IFRS has been carried out from the accounting principles generally accepted in the United Kingdom ("UK GAAP") which is considered as the "previous GAAP" for purposes of IFRS 1. An explanation of how the transition to IFRS has effected the Company's equity and its net profit is provided in Note 4.

These financial statements have been prepared on the basis of relevant IFRS that are effective at the Company's first IFRS annual reporting date March 31, 2016.

(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 judgement

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 recognized 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 recognized 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, recognized 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.

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.

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 recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

b) Fixed–price contracts

Revenues from fixed–price contracts are recognized using the "percentage–of–completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

Turnover from trading in software packages / licenses / hardware is recognised as income upon delivery to the customer.

The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

Revenues are shown net of value added tax, applicable discounts and allowances.

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	4 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.

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to items directly recognized 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 recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized 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 asset are recognized 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 recognized 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 Benefit

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 recognized as expense during the period when the employee provides service.

New standards and interpretations not yet adopted

a) IFRS 9 Financial Instruments: In November 2009, the IASB issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39.

IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further, it eliminates the rule–based requirement of segregating embedded derivatives and tainting rules pertaining to held–to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share–by–share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income.

The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted. The Company has evaluated the requirements of IFRS 9 and the company does not believe that the adoption of IFRS 9 will have a material impact on the financial statements.

b) IFRS 15 Revenue from Contracts with Customers: In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC–31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions – and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application – and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The company is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the financial statements.

4. Transition to IFRS reporting

As stated in Note 2, the Company's financial statements for the year ended March 31, 2016 are the first annual financial statements prepared in compliance with IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2014 as the transition date. IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS Financial Statements for the year ended March 31, 2016, be applied consistently and retrospectively for all fiscal years presented.

All applicable IFRS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both IFRS and previous GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

Reconciliations: The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to IFRS in accordance with IFRS 1:

- equity as at April 1,2014;
- equity as at March 31,2015;
- total comprehensive income for the year ended March 31,2015; and
- explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the IFRS presentation.

Reconciliation of equity as at 1st April 2014

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Property, plant and equipment	28,872	2,880,415	–	–	28,872	2,880,415
Other non–current and current assets	42,221	4,212,178	82,490	8,229,615	124,711	12,441,793
Trade receivables	7,111,260	709,454,854	(2,353,131)	(234,760,114)	4,758,129	474,694,740
Unbilled revenue	–	–	2,270,641	226,530,499	2,270,641	226,530,499
Cash and cash equivalents	1,698,040	169,404,961	–	–	1,698,040	169,404,961
Total assets	**8,880,393**	**885,952,408**	–	–	**8,880,393**	**885,952,408**
Share Capital	685,815	68,420,333	–	–	685,815	68,420,333
Retained earnings	5,886,088	587,225,575	–	–	5,886,088	587,225,575
Total Equity	**6,571,903**	**655,645,908**	–	–	**6,571,903**	**655,645,908**
Deferred income tax liabilities	1,220	121,713	–	–	1,220	121,713
Trade payables and accrued expenses	2,307,270	230,184,787	(1,269,478)	(126,649,473)	1,037,792	103,535,314
Unearned revenue	–	–	–	–	–	–
Current tax liabilities	–	–	122,494	12,220,614	122,494	12,220,614
Other current liabilities	–	–	1,146,984	114,428,859	1,146,984	114,428,859
Total equity and liabilities	**8,880,393**	**885,952,408**	–	–	**8,880,393**	**885,952,408**

Notes:

1. Under previous GAAP, prepaid expenses were classified as Debtors. Under IFRS, such prepaid expenses have been reclassified from trade receivables to other current assets. As a result, other non–current and current assets under IFRS is higher by £82,490.
2. Under previous GAAP, unbilled revenue was classified as Debtors. Under IFRS, such unbilled revenue amounting to £2,270,641 has been reclassified from trade receivables to unbilled revenue.
3. Under previous GAAP, 'current tax liabilities' and 'other current liabilities' were classified as creditors. Under IFRS, these are reclassified from trade payables to current tax liabilities and other current liabilities. As a result, current tax liabilities and other current liabilities under IFRS are higher by £122,494 and £1,269,478 respectively.

Reconciliation of equity as at 31st March, 2015

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Property, plant and equipment	34,117	3,154,799	–	–	34,117	3,154,799
Other non–current and current assets	22,729	2,101,751	76,354	7,060,454	99,083	9,162,205
Trade receivables	7,460,587	689,880,479	(3,416,279)	(315,903,318)	4,044,308	373,977,161
Unbilled revenue	–	–	3,339,925	308,842,864	3,339,925	308,842,864
Cash and cash equivalents	1,307,314	120,887,326	–	–	1,307,314	120,887,326
Total assets	**8,824,747**	**816,024,355**	–	–	**8,824,747**	**816,024,355**
Share Capital	685,815	63,417,313	–	–	685,815	63,417,313
Retained earnings	3,777,901	349,342,505	–	–	3,777,901	349,342,505
Total Equity	**4,463,716**	**412,759,818**	–	–	**4,463,716**	**412,759,818**
Deferred income tax liabilities	3,041	281,201	–	–	3,041	281,201
Trade payables and accrued expenses	4,357,990	402,983,336	(1,837,450)	(169,909,003)	2,520,540	233,074,333
Unearned revenue	–	–	3,459	319,854	3,459	319,854
Current tax liabilities	–	–	1,087	100,515	1,087	100,515
Other current liabilities	–	–	1,832,904	169,488,634	1,832,904	169,488,634
Total equity and liabilities	**8,824,747**	**816,024,355**	–	–	**8,824,747**	**816,024,355**

Notes:

1. Under previous GAAP, prepaid expenses were classified as Debtors. Under IFRS, such prepaid expenses have been reclassified from trade receivables to other current assets. As a result, other non–current and current assets under IFRS is higher by £76,354.
2. Under previous GAAP, unbilled revenue was classified as Debtors. Under IFRS, such unbilled revenue amounting to £3,339,925 has been reclassified from trade receivables to unbilled revenue.
3. Under previous GAAP, 'current tax liabilities' and 'other current liabilities' were classified as creditors. Under IFRS, these are reclassified from trade payables to current tax liabilities and other current liabilities. As a result, current tax liabilities and other current liabilities under IFRS are higher by £1,087 and £1,832,904 respectively.
4. Under previous GAAP, unearned revenue was classified as creditors. Under IFRS, such unearned revenue amounting to £3,459 has been reclassified from trade payables to unearned revenue.

Reconciliation of total comprehensive income for the year ended 31st March 2015

	Amount as per previous GAAP		Effects of transition to IFRS		Amount as per IFRS	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Revenue	28,686,343	2,652,626,137	–	–	28,686,343	2,652,626,137
Cost of sales	22,188,393	2,051,760,701	–	–	22,188,393	2,051,760,701
Gross profit	**6,497,950**	**600,865,436**	–	–	**6,497,950**	**600,865,436**
Selling, general and administrative expenses	5,569,652	515,025,720	(143,246)	(13,245,958)	5,426,406	501,779,762
Results from operating activities	**928,298**	**85,839,716**	**143,246**	**13,245,958**	**1,071,544**	**99,085,674**
Foreign exchange loss	–	–	(143,246)	(13,245,958)	(143,246)	(13,245,958)
Finance and other income	4,449	411,399	–	–	4,449	411,399
Profit before income tax	**932,747**	**86,251,115**	–	–	**932,747**	**86,251,115**
Income tax expense	249,043	23,029,006	–	–	249,043	23,029,006
Profit for the year	**683,704**	**63,222,109**	–	–	**683,704**	**63,222,109**

Notes:

1. Under previous GAAP, foreign exchange loss formed part of selling, general and administrative expense. Under IFRS, foreign exchange loss has been shown separately as reduction from 'results from operating activities'.

5. Property, plant and equipment

	Leasehold improvements		Computer equipment		Fixtures & fittings		Total	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Gross carrying value:								
As st 1 April 2014	52,300	4,836,181	217,172	20,081,895	60,737	5,616,350	330,209	30,534,426
Additions	–	–	19,818	1,832,570	–	–	19,818	1,832,570
Disposal / adjustments	–	–	(140,370)	(12,980,014)	(22,441)	(2,075,119)	(162,811)	(15,055,133)
As at March 31, 2015	52,300	4,836,181	96,620	8,934,451	38,296	3,541,231	187,216	17,311,863
Accumulated depreciation:								
At 1 April 2014	51,549	4,766,736	190,257	17,593,065	59,531	5,504,832	301,337	27,864,633
Depreciation	334	30,885	14,109	1,304,658	130	12,021	14,573	1,347,564
Disposal / adjustments	–		(140,370)	(12,980,014)	(22,441)	(2,075,119)	(162,811)	(15,055,133)
As at March 31, 2015	51,883	4,797,621	63,996	5,917,709	37,220	3,441,734	153,099	14,157,064
Net carrying value as at March 31, 2015	**417**	**38,560**	**32,624**	**3,016,742**	**1,076**	**99,497**	**34,117**	**3,154,799**
Gross carrying value:								
As at 1 April 2015	52,300	4,993,212	96,620	9,224,553	38,296	3,656,215	187,216	17,873,980
Additions	–	–	4,848	462,850	376	35,898	5,224	498,748
Disposal / adjustments	–	–	–		–		–	–
As at March 31, 2016	52,300	4,993,212	101,468	9,687,403	38,672	3,692,113	192,440	18,372,728
Accumulated depreciation:								
At 1 April 2015	51,883	4,953,400	63,996	6,109,858	37,220	3,553,486	153,099	14,616,744
Depreciation	334	31,888	15,426	1,472,759	185	17,662	15,945	1,522,309
Disposal / adjustments	–		–		–		–	–
As at March 31, 2016	52,217	4,985,288	79,422	7,582,617	37,405	3,571,148	169,044	16,139,053
Net carrying value as at March 31, 2016	**83**	**7,924**	**22,046**	**2,104,786**	**1,267**	**120,965**	**23,396**	**2,233,675**

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.

6. Trade receivables

	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Trade receivables	4,679,348	446,749,052	4,321,317	399,592,183	4,999,090	498,734,214
Allowance for doubtful accounts receivable	(667,525)	(63,730,281)	(277,009)	(25,615,022)	(240,961)	(24,039,474)
Total	4,011,823	383,018,771	4,044,308	373,977,161	4,758,129	474,694,740

		As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
7.	**Cash and cash equivalents**						
	Cash balances	60	5,728	107	9,894	41	4,091
	Cash at bank	1,110,087	105,982,781	1,307,207	120,877,432	1,697,999	169,400,870
	Total	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
8.	**Other Asset**						
	Non–current						
	Security deposits	198	18,904	198	18,309	198	19,753
	Loans and Advance to employees	4,000	381,890	3,569	330,000	3,845	383,556
		4,198	**400,794**	3,767	348,309	4,043	403,309
	Current						
	Security deposits	292	27,878	666	61,585	1,659	165,510
	Prepaid Expenses	41,742	3,985,213	76,354	7,060,454	82,491	8,229,715
	Loans and Advance to Employees	31,844	3,040,227	16,820	1,555,370	10,922	1,089,674
	Others	1,476	140,917	1,476	136,487	25,596	2,553,585
		75,354	**7,194,235**	95,316	8,813,896	120,668	12,038,484
	Total	**79,552**	**7,595,029**	99,083	9,162,205	124,711	12,441,793
9.	**Trade Payables and accrued expenses**						
	Trade payables	2,641,479	252,188,603	1,906,386	176,283,513	384,111	38,320,834
	Accrued expenses	540,789	51,630,478	614,154	56,790,820	653,681	65,214,480
	Total	**3,182,268**	**303,819,081**	2,520,540	233,074,333	1,037,792	103,535,314
10.	**Other liabilities and provisions**						
	Non–current	–	–	–	–	–	–
	Current						
	Employee and other liabilities	929,698	88,760,596	1,402,115	129,653,575	984,784	98,246,976
	Statutory dues payable	603,180	57,587,102	430,789	39,835,059	162,200	16,181,883
	Total	**1,532,878**	**146,347,698**	1,832,904	169,488,634	1,146,984	114,428,859

11. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2016 are as follows:

	Loans and receivables £	Loans and receivables ₹ Unaudited	Financial liabilities measured at amortized cost £	Financial liabilities measured at amortized cost ₹ Unaudited	Total carrying amount £	Total carrying amount ₹ Unaudited	Fair value £	Fair value ₹ Unaudited
Assets:								
Trade receivables	4,011,823	383,018,771	–	–	4,011,823	383,018,771	4,011,823	383,018,771
Unbilled revenue	3,495,086	333,684,598	–	–	3,495,086	333,684,598	3,495,086	333,684,598
Cash and cash equivalents	1,110,147	105,988,509	–	–	1,110,147	105,988,509	1,110,147	105,988,509
Other Assets	79,552	7,595,028	–	–	79,552	7,595,028	79,552	7,595,028
Total assets	**8,696,608**	**830,286,906**	**–**	**–**	**8,696,608**	**830,286,906**	**8,696,608**	**830,286,906**
Liabilities:								
Trade payables and accrued expenses	–	–	3,182,268	303,819,082	3,182,268	303,819,082	3,182,268	303,819,082
Unearned revenue	–	–	430,366	41,088,118	430,366	41,088,118	430,366	41,088,118
Other current liabilities	–	–	1,532,878	146,347,695	1,532,878	146,347,695	1,532,878	146,347,695
Total liabilities	**–**	**–**	**5,145,512**	**491,254,895**	**5,145,512**	**491,254,895**	**5,145,512**	**491,254,895**

The carrying value and fair value of financial instruments by categories as at March 31, 2015 are as follows:

	Loans and receivables £	Loans and receivables ₹ Unaudited	Financial liabilities measured at amortized cost £	Financial liabilities measured at amortized cost ₹ Unaudited	Total carrying amount £	Total carrying amount ₹ Unaudited	Fair value £	Fair value ₹ Unaudited
Assets:								
Trade receivables	4,044,308	373,977,161	–	–	4,044,308	373,977,161	4,044,308	373,977,161
Unbilled revenue	3,339,925	308,842,864	–	–	3,339,925	308,842,864	3,339,925	308,842,864
Cash and cash equivalents	1,307,314	120,887,326	–	–	1,307,314	120,887,326	1,307,314	120,887,326
Other Assets	99,083	9,162,205			99,083	9,162,205	99,083	9,162,205
Total assets	**8,790,630**	**812,869,556**	**–**	**–**	**8,790,630**	**812,869,556**	**8,790,630**	**812,869,556**
Liabilities:								
Trade payables and accrued expenses	–	–	2,520,540	233,074,333	2,520,540	233,074,333	2,520,540	233,074,333
Unearned revenue	–	–	3,459	319,854	3,459	319,854	3,459	319,854
Other current liabilities	–	–	1,832,904	169,488,634	1,832,904	169,488,634	1,832,904	169,488,634
Total liabilities	**–**	**–**	**4,356,903**	**402,882,821**	**4,356,903**	**402,882,821**	**4,356,903**	**402,882,821**

The carrying value and fair value of financial instruments by categories as at April 1, 2014 are as follows:

	Loans and receivables		Financial liabilities measured at amortized cost		Total carrying amount		Fair value	
	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited	£	₹ Unaudited
Assets:								
Trade receivables	4,758,129	474,694,740	–	–	4,758,129	474,694,740	4,758,129	474,694,740
Unbilled revenue	2,270,641	226,530,499	–	–	2,270,641	226,530,499	2,270,641	226,530,499
Cash and cash equivalents	1,698,040	169,404,961	–	–	1,698,040	169,404,961	1,698,040	169,404,961
Other Assets	124,711	12,441,793			124,711	12,441,793	124,711	12,441,793
Total assets	**8,851,521**	**883,071,993**	**–**	**–**	**8,851,521**	**883,071,993**	**8,851,521**	**883,071,993**
Liabilities:								
Trade payables and accrued expenses	–	–	1,037,792	103,535,314	1,037,792	103,535,314	1,037,792	103,535,314
Unearned revenue	–	–	–	–	–	–	–	–
Other current liabilities	–	–	1,146,984	114,428,859	1,146,984	114,428,859	1,146,984	114,428,859
Total liabilities	**–**	**–**	**2,184,776**	**217,964,173**	**2,184,776**	**217,964,173**	**2,184,776**	**217,964,173**

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, 2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
Revenue from top customer	**9,569,582**	**913,631,917**	7,500,195	693,543,015
Revenue from top 5 customer	**18,271,802**	**1,744,454,616**	15,982,722	1,477,922,276

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 30–120 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 2016 £**	**As at 31 March 2016 ₹ Unaudited**	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
Past due 0–30 days	**1,507,439**	**143,918,970**	1,366,696	126,378,362	1,059,546	105,705,607
Past due 30–60 days	**82,561**	**7,882,305**	62,004	5,733,495	31,324	3,125,039
Past due 60–90 days	**76,540**	**7,307,465**	176,706	16,340,022	4,050	404,048
Past due over 90 days	**41,226**	**3,935,949**	485,502	42,291,477	290,503	28,982,032
Total past due and not impaired	**1,707,766**	**163,044,689**	2,090,908	190,743,356	1,385,423	138,216,726

The allowance for impairment in respect of trade receivables for the year ended March 31, 2016 and March 31, 2015 was GBP 667,525 and GBP 277,009 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2016 £	**As at 31 March 2016 ₹ Unaudited**	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited
Balance at the beginning of the year	**277,009**	**26,446,742**	240,962	22,281,738
Additions during the year	**322,935**	**30,831,412**	36,047	3,333,285
Forex reinstatement	**67,581**	**6,452,127**	–	–
Balance at the end of the year	**667,525**	**63,730,281**	277,009	25,615,023

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.

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 2016 £	**As at 31 March 2016 ₹ Unaudited**	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
Cash and cash equivalents	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961
Total	**1,110,147**	**105,988,509**	1,307,314	120,887,326	1,698,040	169,404,961

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2016 and March 31, 2015:

	As At 31st March 2016					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	3,182,268	303,819,081	–	–	–	–
Other liabilities	1,532,878	146,347,698	–	–	–	–

	As At 31st March 2015					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	2,520,540	233,074,333	–	–	–	–
Other liabilities	1,832,904	169,488,634	–	–	–	–

	As At 1st April 2014					
	Less than 1 year		1–2 years		2 years and above	
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Loans and borrowings and bank overdraft	–	–	–	–	–	–
Trade payables and accrued expenses	1,037,792	103,535,314	–	–	–	–
Other liabilities	1,146,984	114,428,859	–	–	–	–

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, 2% (2015: 6%) of its sales in the year under review were in US dollars and 18% (2015: 16%) 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, 2016 and March 31, 2015.

	EUR		USD		Other Currencies*		Total	
	£	₹	£	₹	£	£	£	₹
		Unaudited		Unaudited		Unaudited		Unaudited
As at 31st March 2016								
Asset								
Trade Receivables	971,776	92,777,884	171,300	16,354,439	16,180	1,544,745	1,159,256	110,677,068
Unbilled Revenue	984,108	93,955,251	210,231	20,071,279	133,082	12,705,671	1,327,421	126,732,201
Cash and cash equivalents	420,348	40,131,674	81,930	7,822,062	166,193	15,866,861	668,471	63,820,597
Other assets	6,631	633,078	–	–	1,656	158,102	8,287	791,180
Liabilities								
Trade payables and accrued expenses	195,027	18,619,715	–	–	16,256	1,552,001	211,283	20,171,716
Unearned Sales	72,257	6,898,556	–	–	–	–	72,257	6,898,556
Other liabilities	19,239	1,836,795	–	–	–	–	19,239	1,836,795
Net assets/liabilities	**2,096,340**	**200,142,821**	**463,461**	**44,247,780**	**300,855**	**28,723,378**	**2,860,656**	**273,113,979**
As at 31st March 2015								
Asset								
Trade Receivables	782,422	72,350,562	650,231	60,126,861	104,041	9,620,671	1,536,694	142,098,094
Unbilled Revenue	583,062	53,915,743	456,306	42,194,616	71,827	6,641,843	1,111,195	102,752,202
Cash and cash equivalents	304,491	28,156,283	132,862	12,285,749	149,713	13,843,961	587,066	54,285,993
Other assets	35,952	3,324,481	4,288	396,511	666	61,585	40,906	3,782,577
Liabilities								
Trade payables and accrued expenses	792,846	73,314,470	400,435	37,028,224	19,069	1,763,310	1,212,350	112,106,004
Unearned Sales	3,459	319,854	–	–	–	–	3,459	319,854
Other liabilities	17,864	1,651,884	–	–	–	–	17,864	1,651,884
Net assets/liabilities	**891,758**	**82,460,861**	**843,252**	**77,975,513**	**307,178**	**28,404,750**	**2,042,188**	**188,841,124**
As at 1st April 2014								
Asset								
Trade Receivables	1,555,163	155,150,837	2,021,870	201,711,861	104,937	10,469,040	3,681,970	367,331,738
Unbilled Revenue	421,140	42,015,032	170,074	16,967,433	21,301	2,125,094	612,515	61,107,559
Cash and cash equivalents	323,124	32,236,466	176,352	17,593,757	88,267	8,805,957	587,743	58,636,180
Other assets	50,391	5,027,258	82	8,181	1,812	180,774	52,285	5,216,213
Liabilities								
Trade payables and accrued expenses	186,926	18,648,672	123,167	12,287,756	17,057	1,701,692	327,150	32,638,120
Other liabilities	19,549	1,950,306	–	–	–	–	19,549	1,950,306
Net assets/liabilities	**2,143,343**	**213,830,615**	**2,245,211**	**223,993,476**	**199,260**	**19,879,173**	**4,587,814**	**457,703,264**

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, 2016 and 2015 respectively, every 1% appreciation/depreciation of the respective foreign currencies compared to functional currency of the Company would increase/ decrease operating margins by £28,607 and £20,422 respectively.

12. Income tax expense

Income tax expense in the statement of income consists of:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Current taxes				
UK Corporation tax on profits of the year	159,289	15,207,719	212,870	19,684,089
Adjustment in respect of previous years	77,966	7,443,609	14,340	1,326,020
Withholding tax	33,356	3,184,581	20,012	1,850,509
Total	**270,611**	**25,835,909**	247,222	22,860,618
Deferred taxes				
Origination and reversal of timing differences	(2,374)	(226,652)	1,821	168,388
Total	**(2,374)**	**(226,652)**	1,821	168,388
Grand Total	**268,237**	**25,609,257**	249,043	23,029,006

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 tax is as follows:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Profit before income tax	996,252	95,114,667	932,747	86,251,115
Profit on ordinary activities multiplied by rate of tax	199,250	19,022,896	195,877	18,112,746
Expenses not deductible for tax purposes	31,992	3,054,356	30,650	2,834,206
Movement in capital allowances	2,300	219,587	(1,973)	(182,443)
Adjustment in respect of previous years	3,713	354,489	2,656	245,600
Withholding tax	33,356	3,184,581	20,012	1,850,509
Total income tax expense	**270,611**	**25,835,909**	247,222	22,860,618

The standard rates of UK corporation tax, for the year ended March 31, 2016 and March 31, 2015 are 20% and 21% respectively.

The components of deferred tax liabilities are as follows:

	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015	As at 01 April 2014	As at 01 April 2014
	£	₹	£	₹	£	₹
		Unaudited		Unaudited		Unaudited
Property, Plant and Equipments	**(1,420)**	**(135,571)**	(3,041)	(281,201)	(1,220)	(121,713)
Provision	**753**	**71,891**	–	–	–	–
Net deferred tax (liabilities)/assets	**(667)**	**(63,680)**	(3,041)	(281,201)	(1,220)	(121,713)

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

	As at 31 March 2016	**As at 31 March 2016**	As at 31 March 2015	As at 31 March 2015
	£	₹	£	₹
		Unaudited		Unaudited
Deferred tax liabilities	**(667)**	**(63,680)**	(3,041)	(281,201)
Balance brought forward	**(3,041)**	**(290,332)**	(1,220)	(112,813)
Profit and loss account movement arising during the year	**2,374**	**226,652**	(1,821)	(168,388)
Total deferred tax liability (net)	**(667)**	**(63,680)**	(3,041)	(281,201)

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.

13. Equity

a) *Share capital*

The company has only one class of equity shares. The authorized share capital of the Company is 1,629,700 (2015: 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 (2015: 685,815) equity shares of £1 each amounting to £685,815 (2015: 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 2.20 (2015: GBP 4.25) per Ordinary share of GBP 1 each on 685,815 shares, aggregating GBP 1,508,793 declared by the Board of Directors on 7th December 2015 (2015 : GBP 2,914,714) , and paid on 8th December, 2015, as the final dividend for the year ended 31st March, 2016.

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 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
Total equity attributable to the equity share holders of the company	3,562,450	340,116,005	4,463,716	412,759,818	6,571,903	655,645,908
As percentage of total capital	100%	100%	100%	100%	100%	100%
Total capital	**3,562,450**	**340,116,005**	4,463,716	412,759,818	6,571,903	655,645,908

The Company is equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances.

14. Revenue

The Company derives revenue primarily from delivery of IT services. The Company recognizes 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:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
Country		Unaudited		Unaudited
United Kingdom	26,364,621	2,517,096,278	20,957,231	1,937,915,150
Europe	4,677,960	446,616,536	3,541,157	327,450,788
India	–	–	3,427,112	316,905,047
Singapore	61,522	5,873,659	188,550	17,435,218
US	48,278	4,609,221	36,321	3,358,603
Others	33,915	3,237,950	535,972	49,561,331
Total	**31,186,296**	**2,977,433,644**	28,686,343	2,652,626,137

15. Expenses by nature

Employee benefits	13,106,479	1,251,308,316	12,076,922	1,116,752,977
Sub-contractor charges/Outsourced charges	13,048,915	1,245,812,537	11,092,067	1,025,683,435
Purchase of Software and Hardware for resale	1,659,827	158,467,833	2,200,505	203,480,697
Travel and conveyance	953,827	91,064,250	769,647	71,169,258
Provision for doubtful trade receivables	322,935	30,831,412	36,047	3,333,266
Sales & Marketing expenses	320,039	30,554,925	615,458	56,911,401
Staff welfare	228,038	21,771,358	198,920	18,394,132
Recruitment	195,504	18,665,256	133,872	12,379,144
Communication expenses	170,990	16,324,842	148,500	13,731,795
Legal, Professional and Consultancy Expenses	128,017	12,222,103	112,984	10,447,630
Lease rentals/charges	68,339	6,524,495	70,819	6,548,633
Audit Fees	29,810	2,846,036	24,210	2,238,699
Depreciation and amortisation charges	15,945	1,522,309	14,573	1,347,565
Others	82,543	7,880,586	120,275	11,121,831
Total cost of sales, selling, general and administrative expenses	**30,331,208**	**2,895,796,258**	27,614,799	2,553,540,463

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 amortisation of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

16. Employee benefits

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

	2016	2015
By Activity	**No**	No
Delivery	227	198
Marketing	25	24
Administration	9	8
	261	230

Employee benefits include:

	Year ended March 31,			
	2016	**2016**	2015	2015
	£	₹	£	₹
		Unaudited		Unaudited
Wages and salaries	11,892,348	1,135,392,194	10,843,117	1,002,663,029
Social security costs	1,214,131	115,916,122	1,233,805	114,089,948
Total	**13,106,479**	**1,251,308,316**	12,076,922	1,116,752,977

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

	Year ended March 31, 2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
Cost of sales	9,871,956	942,500,319	8,419,579	778,558,470
Selling, general and administrative expenses	3,234,523	308,807,997	3,657,343	338,194,507
Total	**13,106,479**	**1,251,308,316**	12,076,922	1,116,752,977

17. Finance and other income

	2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
Interest Income	4,541	433,541	4,366	403,724
Others	–	–	83	7,675
Total	**4,541**	**433,541**	4,449	411,399

18. Operating leases

Lease rental expense under non-cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to GBP 1,732 and GBP 1,732 respectively. Future minimum lease payments under non-cancelable operating lease as at March 31, 2016 is as below:

Minimum lease payments

	As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 01 April 2014 £	As at 01 April 2014 ₹ Unaudited
Payable – Not later than one year	741	70,745	1,732	160,158	1,732	172,793
Payable – Later than one year and not later than five years	828	79,051	1,569	145,113	3,301	329,324
Payable – Later than five years	–	–	–	–	–	–

The rental expense under cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to GBP 66,607 and GBP 69,087 respectively.

19. Related party relationships and transactions

Name of related party

i) Ultimate Parent Company:

ITC Limited

ii) Immediate Parent Company:

ITC Infotech India Limited

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

Subsidiaries of Immediate Parent Company:

ITC Infotech (USA), Inc.

Pyxis Solutions, LLC

Transactions with the above related parties during the year were:

	Holding Company				Fellow Subsidiaries			
	As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited	As at 31 March 2016 £	As at 31 March 2016 ₹ Unaudited	As at 31 March 2015 £	As at 31 March 2015 ₹ Unaudited
Sale of goods/Services	81,103	7,743,106	3,589,774	331,946,402	52,166	4,980,418	40,525	3,747,347
Purchase of goods/Services	10,458,752	998,523,200	9,036,834	835,636,040	8,606	821,636	–	–
Dividend	1,508,793	144,048,240	2,914,714	269,523,604	–	–	–	–
Balance as on 31st March								
Trade receivables	29,242	2,791,807	3,970,330	367,136,415	–	–	–	–
Trade paybles	2,054,527	196,150,829	4,880,535	451,303,071	–	–	(26,304)	(2,432,331)

Key Managerial Personnel:

Non-Executive Directors

Y. C. Deveshwar	Chairman
S. Sivakumar	Vice Chairman
R. Tandon	Director
B. B. Chatterjee	Director
S. Rajagopalan	Director
Others	
H. S. Garewal	President

Transactions with key management personnel are as given below:

Key management personnel comprise directors and president of the Company. Particulars of compensation of the key management personnel during the year ended March 31, 2016 and March 31, 2015 have been detailed below:

	Year ended March 31, 2016 £	2016 ₹ Unaudited	2015 £	2015 ₹ Unaudited
President:				
Salaries	154,430	14,743,818	154,430	14,280,146
Social security contribution	33,742	3,221,433	35,035	3,239,654
Incentives	98,187	9,374,158	107,402	9,931,463
Total	**286,359**	**27,339,409**	296,867	27,451,263

20. 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.