

Special purpose Financial Statements
and Auditor's Report

International Technegroup Incorporated

31 March 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of International Technegroup Incorporated

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of International Technegroup Incorporated (“the Company”), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as “the Special Purpose Financial Statements”). As explained in Note 2(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the Management of Wipro Limited (“the Parent”) solely for inclusion in the annual report of Wipro limited for the year ended 31 March 2021 under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (“Ind AS”) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Those Charged with Governance for the Special Purpose Financial Statements

The Company’s management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance and total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management and Board of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 SAs 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 special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the company has adequate internal financial controls with reference to the special purpose financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on distribution or use

This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and ultimate holding company's board of directors, for our audit work, for this report, or for the opinions we have formed.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Sd/-

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 21208545AAAAEQ3888

Bengaluru

8 June 2021

International Technegroup Incorporated
Balance Sheet as at 31 March 2021
(Amount in USD, unless otherwise stated)

	Notes	As at	
		March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	193,525	37,223
Right-of-Use Assets	4	271,332	509,567
Financial assets			
Investments	5	4,091,062	3,787,737
Deferred tax assets (net)	6	1,519,701	452,395
Other non-current assets	7	-	57,242
Total non-current assets		6,075,620	4,844,164
Current assets			
Financial assets			
Trade receivables	8	3,745,139	3,748,750
Cash and cash equivalents	9	1,314,003	1,844,586
Unbilled receivables		1,398,705	1,300,510
Loans to subsidiaries		-	4,915,697
Other financial assets	10	156,052	141,764
Contract assets		292,188	170,365
Other current assets	7	253,084	132,856
Total current assets		7,159,171	12,254,528
TOTAL ASSETS		13,234,791	17,098,692
EQUITY			
Equity Share capital	11	261,361	261,361
Other equity		7,777,911	8,785,835
TOTAL EQUITY		8,039,272	9,047,195
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Lease liabilities	12	34,819	277,930
Provisions	13	755,562	1,285,091
Total non-current liabilities		790,381	1,563,021
Current liabilities			
Financial liabilities			
Borrowings	12	-	1,300,000
Lease liabilities	12	243,807	236,062
Trade payables	14	617,962	1,917,190
Other financial liabilities	15	952,317	660,549
Provisions	13	923,900	460,694
Contract liabilities		1,644,415	1,879,922
Other current liabilities	16	22,737	34,059
Total current liabilities		4,405,138	6,488,476
TOTAL LIABILITIES		5,195,519	8,051,497
TOTAL EQUITY AND LIABILITIES		13,234,791	17,098,692

The accompanying notes form an integral part of these standalone financial statements

As per our report attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 0039905/S200018

For and on behalf of the Board of Directors
International Technegroup Incorporated

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director

Sd/-
Nithin VJ
Director

Bengaluru
8 June 2021

International Technegroup Incorporated
Statement of Profit and Loss for the year ended 31 March 2021
(Amount in USD, unless otherwise stated)

	<u>Notes</u>	<u>Year ended 31 March 2021</u>	<u>Period ended Oct'19 to Mar'20</u>
INCOME			
Revenue from operations	17	18,637,951	9,718,463
Other income	18	10,162	9,720
Total Income		18,648,114	9,728,184
EXPENSES			
Employee benefits expense	19	11,459,405	7,102,908
Finance costs	20	33,303	28,883
Depreciation and amortisation expense	4	332,147	145,495
Impairment expenses/losses	5	3,688,520	-
Sub-contracting / technical fees / third party application		3,955,344	2,752,406
Travel		39,560	95,795
Facility expenses		145,099	30,240
Communication		87,826	54,834
Legal and professional charges		224,888	114,345
Marketing and brand building		17,512	45,614
Other Expenses	21	772,757	812,174
Total expenses		20,756,361	11,182,695
Profit before tax		(2,108,247)	(1,454,511)
Tax expense			
Current tax	22	-	-
Deferred tax	22	(817,239)	-
Total tax expense		(817,239)	-
Profit for the year		(1,291,008)	(1,454,511)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive (loss)/ income for the year, net of taxes		-	-
Total comprehensive income for the year		(1,291,008)	(1,454,511)
Earnings per equity share: (Equity shares of par value \$0.60 each)			
Basic and diluted	23	(2.96)	(3.34)
Weighted average number of shares		435,601	435,601

The accompanying notes form an integral part of these standalone financial statements

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

For and on behalf of the Board of Directors
International Technegroup Incorporated

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director

Sd/-
Nithin VJ
Director

Bengaluru
8 June 2021

International Technegroup Incorporated
Statement of Cashflow for the year ended 31 March 2021
(Amount in USD, unless otherwise stated)

	For the year ended	
	Apr'20 - Mar'21	Oct'19- Mar'20
Cash flows from operating activities:		
Profit for the year	(1,291,008)	(1,454,511)
Adjustments to reconcile profit for the year to net cash generated from operating activities:		
(Gain)/ loss on sale of property, plant and equipment, net	14,214	-
Depreciation and amortisation expense	332,147	145,495
Income tax expense	(817,239)	-
Unrealised exchange (gain)/loss, net and exchange loss	5,398	(13,303)
Interest Expenses	33,303	28,883
Dividend, gain from investments and interest (income)/expenses, net	(598)	(9,705)
Provision for diminution in the value of non-current investments	3,688,520	-
Changes in operating assets and liabilities;		
Trade receivables and other financial assets	(71,553)	(455,885)
Unbilled receivables and contract assets	(220,018)	(169,719)
Other assets	(62,986)	159,877
Trade payables, accrued expenses, other liabilities and provisions	(1,085,106)	1,453,901
Contract liabilities	(235,506)	577,745
Cash generated from operating activities before taxes	289,569	262,779
Income taxes (paid), net of refunds	93,893	-
Net cash generated from operating activities	383,462	262,779
Cash flows from investing activities:		
Purchase of property, plant and equipment	(273,313)	(6,151)
Proceeds from sale of property, plant and equipment	8,885	-
Investment in subsidiaries	(303,325)	-
Loans (given) to subsidiaries, net of repayment	1,227,177	-
Interest received	598	5,551
Dividend received	-	4,154
Net cash generated from/(used in) investing activities	660,022	3,554
Cash flows from financing activities:		
Proceeds from issuance of equity shares and shares pending allotment	-	-
Repayment of loans and borrowings	(1,300,000)	-
Proceeds from loans and borrowings	-	1,310,000
Repayment of lease liabilities	(235,366)	(124,850)
Interest paid	(33,303)	(11,812)
Net cash from in financing activities	(1,568,669)	1,173,338
Net increase in cash and cash equivalents during the year	(525,185)	1,439,671
Adjustment on account of merger	-	-
Effect of exchange rate changes on cash and cash equivalents	(5,398)	-
Cash and cash equivalents at the beginning of the year	1,844,587	404,916
Cash and cash equivalents at the end of the year	1,314,003	1,844,587
The accompanying notes form an integral part of these standalone financial statements		

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

For and on behalf of the Board of Directors
International Technegroup Incorporated

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director
Sd/-
Nithin VJ
Director

Bengaluru
8 June 2021

International Technegroup Incorporated
Statement of Changes in Equity for the year ended 31 March 2021
(Amount in USD, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	31 March 2021		31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares	435,601	261,361	-	-
Equity shares acquired on acquisition	-	-	435,601	261,361
Closing number of equity shares	435,601	261,361	435,601	261,361

B. OTHER EQUITY

Particulars	Retained Earnings	
	31 March 2021	31 March 2020
Opening balance	8,785,835	-
Balance as on the date of acquisition		10,240,346
Tax balance adjustments as on the date of acquisition	283,084	
Total comprehensive income for the period	(1,291,008)	(1,454,511)
Closing Balance	7,777,911	8,785,835

The accompanying notes form an integral part of these standalone financial statements

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
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For and on behalf of the Board of Directors
International Technegroup Incorporated

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/- Sd/-
Kunaal Mahanti **Nithin VJ**
Director Director

Bengaluru
8 June 2021

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

1. The Company overview

International TechneGroup Incorporated (ITI or the Company), a global leader in interoperability, validation and migration of product data and related systems, helps clients streamline processes and reduce the amount of downstream changes caused by inaccurate, outdated or incomplete data. ITI solutions for CAD/CAM/CAE/PLM interoperability, data validation and reliability, operate within a framework for secure, traceable exchange and distribution. These solutions apply across a client's product lifecycle, enabling more efficient product design, supply chain and manufacturing processes. ITI's subject matter experts deliver solutions to solve complex issues allowing clients to spend more time engineering and less time searching for, validating and reworking data. Through strong partnerships with industry, government and technology vendors, ITI has developed and commercialized many leading technologies which provide significant impact to United States and global manufacturing companies.

The company is domiciled in USA and it was acquired by Wipro IT Services LLC on 1st October 2019.

2. Basis of preparation of financial statements

(i) Statement of compliance and basis of preparation

This special purpose financial statement is prepared for inclusion in the annual report of the Ultimate Holding Company (Wipro limited) under the requirements of section 129(3) of the Companies Act, 2013. Since, the Company was acquired on October 1, 2019 the comparative financial information is provided only for the period October 1, 2019 to March 31, 2020 for which the Company was subsidiary of Wipro Limited.

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

(a) New amended standards and interpretations

- i. Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'
- ii. Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- iii. Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- iv. Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- v. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- vi. Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- vii. Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- viii. Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.
- ix. Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of the amendments has any material impact on the financial statements for the current year.

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

(b) Other amendments to the existing standards

None

(c) New standards notified and yet to be adopted by the Company

None

The Standalone financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”), the provisions of the Companies Act, 2013 (“the Companies Act”), as applicable. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements correspond to the classification provisions contained in Ind AS 1, “Presentation of Financial Statements”. For clarity, various items are aggregated in the statement of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

(ii) Consolidation

These financial statements represent the separate financial statements of the Company. The Ministry of Corporate Affairs (MCA) through its circular dated 27 July 2016 has exempted a company from preparing and filing of consolidated financial statements if its ultimate or intermediate holding company is filing consolidated financial statements. Further Sub - Para (iv) to Para 4 of Ind AS 110 - Consolidated Financial Statements exempts a company from consolidation if its ultimate parent produces Ind AS complied consolidated financial statement, which are available for public use. In view of above exemptions, the Company is not required to file the consolidated financial statements. The Company has complied with Ind AS 27: Separate financial statements whereby investments in subsidiaries, joint ventures and associates are to be valued either

- at cost; or
- in accordance with Ind AS 109.

The Company has elected to measure its investment in subsidiaries and associates at cost determined in accordance with Ind AS 27 at original cost of investment in subsidiaries and associates.

(iii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS:

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- c) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

(iv) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing 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 are included in the following notes:

- a) **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 labor 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 period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer. Revenue is recognized on net basis in scenario where the company is not the primary obligor.
- b) **Income taxes:** The major tax jurisdictions for the Company is in United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.
- c) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
The deferred tax balance as of 31st March'20 is part of the net assets acquired on acquisition of the entity and the same is under assessment during the measurement period as per IND AS 103
- d) **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

- e) **Useful lives of property, plant and equipment:** The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

3. Significant accounting policies

(i) Functional and presentation currency

These financial statements are presented in USD, which is the functional currency of the Company.

(ii) Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Gains/(losses), net, relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as fair value through other comprehensive income are included in other comprehensive income, net of taxes.

(iii) Financial instruments

a) Non-derivative financial instruments:

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset.
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.
- Non- derivative financial instruments are recognised initially at fair value.

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

A. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

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. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

B. Other financial assets:

Other financial assets 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. These are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

C. Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short-term maturity of these instruments. .

(iv) Equity

a) Share capital and share premium

The authorised share capital of the Company as of March 31, 2020 USD 600,000 divided into 1,000,000 equity shares of USD 0.60 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

b) Retained earnings

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

c) Dividend

A final dividend, including tax thereon, on equity shares is recorded as a liability on the date of approval by the shareholders. An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

d) Other reserves

Changes in the fair value of financial instruments measured at fair value through other comprehensive income, other than impairment loss, and actuarial gains and losses on defined benefit plans is recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

International TechneGroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

(v) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

b) Depreciation

The Company depreciates property, plant and equipment 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 amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	Useful life or lease term whichever is lower
Computer equipment and software	2 to 7 years
Furniture, fixtures and equipment	3 to 10 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

(vi) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a) Arrangements where the Company is the lessee

The Company enters into an arrangement for lease of land, buildings, plant and machinery including computer equipment and vehicles. Such arrangements are generally for a fixed period but may have extension or termination options. The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to -

- a) control the use of an identified asset,
- b) obtain substantially all the economic benefits from use of the identified asset, and
- c) direct the use of the identified asset

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The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss. Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

b) Arrangements where the Company is the lessor

In certain arrangements, the Company recognises revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognises unearned income as finance income over the lease term using the effective interest method.

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(vii) Impairment

A) Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B) Non - financial assets

The Company assesses long-lived assets such as property, plant and equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

(viii) Employee benefits

a) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an

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obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(ix) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(x) Revenue

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

a) Services

The Company recognises 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 recognised as the related services are rendered.

B. Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognised 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. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognised only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the

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statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

‘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 recognised. Advance payments received from customers for which no services have been rendered are presented as ‘Advance from customers’.

C. Maintenance contracts

Revenue from maintenance contracts is recognised ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

b) Products

Revenue from products are recognised when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

A. Contract Asset and Liabilities

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. We present such receivables as part of Trade receivables at their net estimated realizable value.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods.

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C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by business segment and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

Particulars	Amount in USD
Revenue	
Sale of services	18,637,951
Revenue by nature of contract	
Fixed Fee	18,637,951

(xi) Finance cost

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

(xii) Other income

Other income comprises interest income on deposits, dividend income and gains / (losses), net, on disposal of investments. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(xiii) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to a business combination, or 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 as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

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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, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period, taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(xiv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

(xv) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

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4 Property, plant and equipment	Right to use	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Total
Gross carrying value:						
As at April 1, 2020	628,607	21,011	1,797,458	253,669	254,966	2,955,711
Additions during the year	-	-	273,313	-	-	273,313
Disposals/ adjustments	-	(19,550)	(502,425)	(117,399)	(79,426)	(718,799)
As at March 31, 2021	628,607	1,461	1,568,347	136,270	175,540	2,510,225
Accumulated depreciation/ impairment:						
As at April 1, 2020	119,040	21,011	1,760,235	253,669	254,966	2,408,921
Depreciation	238,235	-	103,365	-	(9,453)	332,147
Disposals/ adjustments	-	(19,550)	(488,779)	(117,399)	(69,972)	(695,700)
As at March 31, 2021	357,275	1,461	1,374,822	136,270	175,540	2,045,368
Net book value as at March 31, 2021	271,332	-	193,525	-	-	464,857
Gross carrying value:						
As at 1 October, 2019	-	-	-	-	-	-
Additions due to acquisition	628,607	21,011	1,791,307	253,669	254,966	2,949,560
Additions during the year	-	-	6,151	-	-	6,151
Disposals/ adjustments	-	-	-	-	-	-
As at March 31, 2020	628,607	21,011	1,797,458	253,669	254,966	2,955,711
Accumulated depreciation/ impairment:						
As at 1 October, 2019	-	-	-	-	-	-
Additions due to acquisition	-	21,011	1,733,780	253,669	254,966	2,263,426
Depreciation	119,040	-	26,455	-	-	145,495
Disposals/ adjustments	-	-	-	-	-	-
As at March 31, 2020	119,040	21,011	1,760,235	253,669	254,966	2,408,921
Net book value as at March 31, 2020	509,567	-	37,223	-	-	546,790

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	As at	
	March 31, 2021	March 31, 2020
5 Non-current Investments		
Investments in Subsidiaries measured at cost		
International TechneGroup Ltd. (554,436 equity shares)	3,776,053	3,776,053
International TechneGroup S.r.l. 2,60,000 (2020: 10,000) equity shares	315,006	11,681
ITI Proficiency Ltd.* 670 (2020: 100 Equity Shares)	3,688,523	3
	<u>7,779,582</u>	<u>3,787,737</u>
Less: Impairment provision	(3,688,520)	-
Total Non-current Investments	<u><u>4,091,062</u></u>	<u><u>3,787,737</u></u>
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
6 Deferred tax (net)		
Business losses	681,112	-
Research and development credits	423,249	452,395
Employee related payments	368,066	-
Others	47,274	-
	<u>1,519,702</u>	<u>452,395</u>
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
7 Other assets		
Non current		
Prepaid expenses	-	57,242
	<u>-</u>	<u>57,242</u>
Current		
Prepaid expenses	251,809	105,885
Advances to suppliers	-	1,000
Travelling & other advances	1,275	2,691
Others	-	23,280
	<u>253,084</u>	<u>132,856</u>
Total Other assets	<u><u>253,084</u></u>	<u><u>190,098</u></u>

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	As at	
	March 31, 2021	March 31, 2020
8 Trade receivables		
Unsecured		
Considered good*	3,745,139	3,748,750
Credit impaired	19,955	29,520
Less: allowance for lifetime expected credit loss	(19,955)	(29,520)
Total Trade receivables	3,745,139	3,748,750

* Includes dues from related parties (refer note 24)

Movement of provision for bad debts

Particulars	March 31, 2021	March 31, 2020
Opening balance	29,520	-
Provision created for the period	19,955	29,520
Reversal	(29,520)	-
Closing balance	19,955	29,520

	March 31, 2021	March 31, 2020
9 Cash and cash equivalents		
Balances with banks		
Current accounts	1,163,504	4,343
Short term deposits	150,499	1,840,243
Total cash and cash equivalents	1,314,003	1,844,586

Cash and cash equivalents consists of the following for the purpose of the cash flow statement:

	March 31, 2021	March 31, 2020
Cash and cash equivalents	1,314,003	1,844,586
	1,844,586	1,844,586

	March 31, 2021	March 31, 2020
10 Other financial assets		
Current		
Dues from government authorities	15,214	76,090
Due from officers and employees	-	60,806
Salary advances	5,610	4,869
Receivables from related parties	130,941	-
Other receivables	4,287	-
Total Other Financial Assets	156,052	141,764

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	As at	
	March 31, 2021	March 31, 2020
11 Equity Share Capital		
I. Authorised capital		
1,000,000 equity shares of \$0.60 each	600,000	600,000
	600,000	600,000
II. Issued, subscribed and fully paid-up capital		
435,601 equity shares of \$0.60 each	261,361	261,361
	261,361	261,361

(i.) Shares held by holding company (Wipro IT Services LLC, the holding company)

Particulars	March 31, 2021	March 31, 2020
No. of Equity shares of \$0.60 each	435,601	435,601

(ii.) Details of shareholders holding more than 5% of the total equity shares of the Company

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Wipro IT Services LLC	435,601	100.00	435,601	100.00

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	As at	
	March 31, 2021	March 31, 2020
12 Borrowings		
Non-current		
Lease liabilities	34,819	277,930
	<u>34,819</u>	<u>277,930</u>
Current		
Loans from related parties (refer note 24)	-	1,300,000
Lease liabilities	243,807	236,062
	<u>243,807</u>	<u>1,536,062</u>
Total Borrowings	<u><u>278,626</u></u>	<u><u>1,813,992</u></u>

Entire finance lease obligation as at 31st March, 2021 and 31st March, 2020 is denominated in USD currency and not in any other currency.

ii. Amounts recognised in statement of profit and loss:

	Year ended	
	March 31, 2021	March 31, 2020
Depreciation of right-of-use assets	238,235	119,040
Interest on lease liabilities	14,330	10,235
Expense relating to short-term leases and low-value assets	-	-
Total recognised in the income statement	<u>252,565</u>	<u>129,275</u>

iii. Details of undiscounted contractual payments under non-cancellable leases are given below:

Particulars	March 31, 2021	March 31, 2020
Not later than 1 year	249,700	249,700
Later than 1 year and not later than 2 years	35,413	249,700
Later than 1 year and not later than 5 years	-	35,413
	<u>285,113</u>	<u>534,813</u>

	March 31, 2021	March 31, 2020
	13 Provisions	
Non Current		
Provision for employee benefits expenses	604,923	1,102,287
Provision for paid time off	150,639	182,804
	<u>755,562</u>	<u>1,285,091</u>
Current		
Provision for employee benefits expenses	691,464	410,000
Provision for paid time off	232,436	50,694
	<u>923,900</u>	<u>460,694</u>
Total Provisions	<u><u>1,679,462</u></u>	<u><u>1,745,785</u></u>

	As at	
	March 31, 2021	March 31, 2020
14 Trade payables		
Trade payables*	540,205	1,714,734
Accrued expenses	77,757	202,456
	<u>617,962</u>	<u>1,917,190</u>

* Includes dues to related parties (refer note 24)

	March 31, 2021	March 31, 2020
	15 Other Current Financial Liabilities	
Salary Payable	466,331	583,991
Interest Accrued and due on borrowings	3,778	17,071
Other Payables	100,159	-
Statutory dues payable	382,049	59,487
	<u>952,317</u>	<u>660,549</u>
Total Other financial liabilities	<u><u>952,317</u></u>	<u><u>660,549</u></u>

	March 31, 2021	March 31, 2020
	16 Other current liabilities	
Book overdraft	22,737	34,059
	<u>22,737</u>	<u>34,059</u>
Total Other current liabilities	<u><u>22,737</u></u>	<u><u>34,059</u></u>

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	For the year ended 31 March 2021	For the period ended Oct to March 2020
17 Revenue from operations		
Sale of Services	18,637,951	9,718,463
Total Revenue from operations	18,637,951	9,718,463
18 Other income		
Allowance for lifetime expected credit loss	9,565	-
Interest income	598	5,551
Dividend income	-	4,154
Other Foreign exchange gains/(losses), net	-	15
Total Other income	10,162	9,720
19 Employee benefits		
Salaries and allowances	11,309,828	6,982,101
Paid time Off Provision	149,577	120,807
Total Employee benefits	11,459,405	7,102,908
20 Finance costs		
Interest on borrowings	18,973	18,648
Interest on finance lease	14,330	10,235
Total Finance costs	33,303	28,883
21 Other expenses		
Rates and taxes	20,711	15,417
Allowance for lifetime expected credit loss	-	29,520
Subscription & Membership Fees	137,945	74,215
Auditors' remuneration		
Audit fees	1,655	19,609
Software Licence Fees	37,548	50,628
Insurance Expenses	302,113	343,123
Recruitment Expenses	72,301	92,757
Bank Charges	80,952	38,922
Business Meeting expenses	-	2,643
Repairs and maintenance	2,847	-
Miscellaneous Onsite Claims	44,515	99,735
Loss on Sale / Discard of Property, Plant and Equipment	14,214	-
Other Foreign exchange gains/(losses), net	26,590	-
Administrative expenses	27,117	45,605
Miscellaneous Expenses	4,250	-
Total Other expenses	772,757	812,174

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22 Income tax

Income tax expense has been allocated as follows:

	For the year ended 31 March 2021	For the period ended Oct'19 to Mar'20
Income tax expense		
Domestic		
Current taxes	-	-
Deferred taxes	(817,239)	-
Total income taxes	(817,239)	-
	For the year ended 31 March 2021	For the period ended Oct'19 to Mar'20
Profit before tax	(2,108,247)	(1,454,511)
Enacted income tax rate in India	28%	28%
Computed expected tax expense	(590,309)	(407,263)
Effect of:		
Tax effect on expenses disallowed for tax computation	1,030,601	
Changes in unrecognised deferred tax asset	(1,257,531)	407,263
Total income taxes expenses	(817,239)	-

23 Earnings per equity share

A reconciliation of profit for the period and equity shares used in the computation of basic and diluted earnings per equity share is set out below

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period, excluding equity shares purchased by the Company.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	For the year ended 31 March 2021	For the period ended Oct'19 to Mar'20
Profit/(Loss) for the Period	(1,291,008)	(1,454,511)
Weighted average number of equity shares	435,601	435,601
Basic and diluted earnings/(loss) per share	(2.96)	(3.34)
Nominal value - per equity share	0.60	0.60

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24 Related Party Relationships, Transactions and Balances

i) The following are the entities with which the Company has related party transactions:

Name of the Party	Relationship with the Company
Wipro Limited	Ultimate Holding Company
Wipro IT Services LLC	Holding Company
Wipro Holdings Hungary Kft	Fellow Subsidiary
Wipro Holdings Investment Kft	Fellow Subsidiary
ITI Proficiency Ltd	Subsidiary
Mechworks S.R.L	Subsidiary
International Technegroup Ltd.	Subsidiary
International TechneGroup S.R.L	Subsidiary

ii) The Company had the following transactions with related parties :

Particulars	For the year ended	For the period ended
	31 March 2021	Oct'19 to Mar'20
Subcontracting & technical fees		
Wipro Ltd.	2,293,894	903,549
ITI Proficiency Ltd.	125,091	59,013
International Technegroup Ltd.	454,717	232,109
Sales and services		
Wipro Ltd.	524,311	-
ITI Proficiency Ltd.	22,849	9,514
International Technegroup Ltd.	190,051	227,602
Interest expense		
Wipro Holdings Hungary Kft	18,304	17,071

iii) Balances with related parties as at March 31, 2020 are summarised below

Particulars	As at	
	March 31, 2021	March 31, 2020
Payables:		
ITI Proficiency Ltd.	40,582	1,235
International Technegroup Ltd.	225,544	328,938
Wipro Ltd.	345,503	1,242,683
Receivables:		
ITI Proficiency Ltd.	19,314	-
International Technegroup Ltd.	76,487	130,390
Wipro Ltd.	373,692	-
Wipro LLC	129,087	-
Loan given		
ITI Proficiency Ltd.	-	3,688,520
International TechneGroup S.r.l	-	1,227,177
Loan taken		
Wipro Holdings Hungary Kft		
Loan Principal	-	1,300,000
Interest accrued and due on loan	3,778	17,071

25 Commitments and contingencies

There are no Contingent Liabilities, Capital and Other Commitments as at 31 March 2021 and 31 March 2020.

26 Segment Reporting

The Company operates in one business segment, namely sale of software services. In line with IND-AS 108, as the relevant information is available from balance sheet and the statement of profit and loss itself, and keeping in view the objective of segment reporting, the Company is not required to disclose segment information as per IND AS -108.

International Technegroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

27 Financial instruments

Financial instruments by category

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

Particulars	Note	FVTPL	Amortized cost	Total carrying value	Total fair value
Financial assets :					
Investments	5	-	4,091,062	4,091,062	4,091,062
Loan to subsidiaries		-	-	-	-
Trade receivables	8	-	3,745,139	3,745,139	3,745,139
Cash and cash equivalents	9	-	1,314,003	1,314,003	1,314,003
Unbilled revenues		-	1,398,705	1,398,705	1,398,705
Other financial assets	10	-	156,052	156,052	156,052
Total financial assets		-	10,704,961	10,704,961	10,704,961
Financial liabilities :					
Borrowings	12	-	-	-	-
Lease liabilities	12	-	278,626	278,626	278,626
Trade payables	14	-	617,962	617,962	617,962
Other financial liabilities	15	-	952,317	952,317	952,317
Total financial liabilities		-	1,848,904	1,848,904	1,848,904

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

Particulars	Note	FVTPL	Amortized cost	Total carrying value	Total fair value
Financial assets :					
Investments	5		3,787,737	3,787,737	3,787,737
Loan to subsidiaries			4,915,697	4,915,697	4,915,697
Trade receivables	8		3,748,750	3,748,750	3,748,750
Cash and cash equivalents	9		1,300,510	1,300,510	1,300,510
Unbilled revenues			1,300,510	1,300,510	1,300,510
Other financial assets	10		141,764	141,764	141,764
Total financial assets		-	15,194,969	15,194,969	15,194,969
Financial liabilities :					
Borrowings	12		1,300,000	1,300,000	1,300,000
Lease liabilities	12		513,992	513,992	513,992
Trade payables	14		1,917,190	1,917,190	1,917,190
Other financial liabilities	15		660,549	660,549	660,549
Total financial liabilities		-	4,391,731	4,391,731	4,391,731

Notes to financial instruments

- i. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has measured investments in equity shares of subsidiaries and joint ventures at the deemed cost. The Company has considered the carrying amount under previous GAAP as the deemed cost.

ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to **Level 1**: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either **Level 3**: Unobservable inputs for the asset or liability.

Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

International Technegroup Incorporated
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28 Financial risk management

Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk -Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortized cost and deposits with banks and financial institutions.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Expected credit loss for trade receivables under simplified approach

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

Concentration Risk

The table below provides the details of the customer having balance of more than 10% of the total Account receivable of the entity as of 31st March 2021

Customer	Year ended 31 March 2021		Year ended 31 March 2020	
	AR Balance	% of total AR balance	AR Balance	% of total AR balance
Honeywell International, Inc.	921,750	24%	934,400	26%
Johnson & Johnson	488,580	13%	623,413	47%

International Technegroup Incorporated
Summary of significant accounting policies and other explanatory information
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28 Financial risk management (continued)

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2021	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	-	-	-	-
Lease liabilities	243,807	34,819	-	278,626
Trade payables	617,962	-	-	617,962
Other Financial liabilities	952,317	-	-	952,317
Total	1,814,085	34,819	-	1,848,904

March 31, 2020	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	1,300,000	-	-	1,300,000
Lease liabilities	236,062	277,930	-	513,992
Trade payables	1,917,190	-	-	1,917,190
Other Financial liabilities	660,549	-	-	660,549
Total	4,113,801	277,930	-	4,391,731

C Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/payables. The Company is exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities.

D Interest rate risk

The Company has no borrowings as at 31st March, 2021. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

E Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from EUR, CAD, GBP. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The management evaluates rate exposure arising from these transactions and enters into Foreign currency derivative instruments to mitigate such exposure. The company follows risk management policies, including use of derivatives like foreign currency exchange forward options etc.

International Technegroup Incorporated
Summary of significant accounting policies and other explanatory information
(Amount in USD, unless otherwise stated)

29 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity :

- Equity includes equity share capital and all other equity components, which attributable to the equity holders
- Net Debt includes trade payables and other financial liabilities, less cash and cash equivalents.

	Note	As at	
		March 31, 2021	March 31, 2020
Lease liabilities	Financial liabilities	278,626	513,992
Borrowings	Financial liabilities	-	1,300,000
Less: Cash and cash equivalents	Financial assets	(1,314,003)	(1,844,586)
Net Debt		(1,035,377)	(30,595)
Equity share capital	Equity	261,361	261,361
Other equity	Equity	7,777,911	8,785,835
Total capital		8,039,272	9,047,195
Overall financing		7,003,895	9,016,600

Gearing Ratio 0.00 0.00

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

30 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2021 and the date of authorization of these financial statements.

31 Impact of COVID19

The Company basis its assessment believes that the probability of the occurrence of forecasted transactions is not impacted by COVID-19. However the impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

As per our report attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No.: 003990S/S200018

For and on behalf of the Board of Directors
International Technegroup Incorporated

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director

Sd/-
Nithin VJ
Director

Bengaluru
8 June 2021