

Special purpose Financial Statements and Auditor's Report

International Technegroup Limited

31 March 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of International Technegroup Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of International Technegroup Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2022, 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 2022 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 basis of presentation referred to in Note 2(i) to the Special Purpose Financial Statements, of the state of affairs of the Company as at 31 March 2022, and loss 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 Standards 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) 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 on the Special Purpose Financial Statements.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2(i) to the Special Purpose Financial Statements, on the basis of the preparation to the special purpose financial statements. The Special Purpose Financial Statements are prepared for inclusion in the annual report of the Ultimate Holding Company under the requirements of Section 129(3) of the Companies Act, 2013. As a result, the Special Purpose Financial Statements may not suitable for any other purpose. Our report is intended solely for the Company and Wipro Limited and should not be distributed to or used by parties other than the Company and Wipro Limited. 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.

Management Responsibility 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.

The 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.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Sd/-

Seethalakshmi M

Partner

Membership No. 208545

UDIN:

Bengaluru

20 June 2022

International Technegroup Limited
Balance Sheet as at 31 March 2022
(All amount in GBP, unless otherwise stated)

	<u>Notes</u>	<u>As at</u>	
		<u>31 March 2022</u>	<u>31 March 2021</u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	4	43,806	55,437
Right-of-use Assets	4	1,99,334	2,30,123
Total non-current assets		<u>2,43,140</u>	<u>2,85,560</u>
Current assets			
Financial assets			
Trade receivables	5	5,31,807	4,25,536
Cash and cash equivalents	6	7,29,484	5,21,373
Unbilled receivables		73,872	28,555
Other financial assets	7	1,81,743	1,90,046
Current tax asset (net)		1,15,175	1,59,401
Other current assets	8	1,96,153	1,33,666
Total current assets		<u>18,28,234</u>	<u>14,58,577</u>
TOTAL ASSETS		<u><u>20,71,374</u></u>	<u><u>17,44,137</u></u>
<u>EQUITY</u>			
Equity Share capital	9	2,772	2,772
Other equity		2,13,694	4,33,102
TOTAL EQUITY		<u>2,16,466</u>	<u>4,35,875</u>
<u>LIABILITIES</u>			
NON-CURRENT LIABILITIES			
Financial liabilities			
Lease liabilities	10	1,77,235	2,05,886
Provisions	11	-	61,908
Total non-current liabilities		<u>1,77,235</u>	<u>2,67,795</u>
Current liabilities			
Financial liabilities			
Trade payables	12	6,30,909	2,71,968
Lease liabilities	10	29,557	28,663
Other financial liabilities	13	1,23,838	9,681
Provisions	11	1,25,527	98,283
Contract liabilities		6,05,757	5,00,131
Other current liabilities	14	1,62,085	1,31,743
Total current liabilities		<u>16,77,673</u>	<u>10,40,468</u>
TOTAL LIABILITIES		<u>18,54,908</u>	<u>13,08,263</u>
TOTAL EQUITY AND LIABILITIES		<u>20,71,374</u>	<u>17,44,137</u>

The accompanying notes form an integral part of these special purpose 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 Limited

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director

Sd/-
Nithin VJ
Director

Bengaluru
20 June 2022

20 June 2022

20 June 2022

International Technegroup Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amount in GBP, unless otherwise stated)

	<u>Notes</u>	<u>Year ended 31 March 2022</u>	<u>Year ended 31 March 2021</u>
INCOME			
Revenue from operations	15	25,45,949	20,11,484
Other income	16	3,50,791	2,62,536
Total Income		28,96,740	22,74,020
EXPENSES			
Employee benefits expense	17	15,32,576	15,39,809
Depreciation and amortisation expense	4	54,761	60,798
Sub-contracting / technical fees / third party application		12,58,544	7,62,279
Finance cost	18	6,742	6,581
Facility expenses		20,492	23,571
Communication		11,877	10,351
Legal and professional charges		52,543	69,806
Marketing and brand building		5,978	733
Other Expenses	19	2,22,608	3,71,535
Total expenses		31,66,121	28,45,463
Profit/(loss) before tax		(2,69,381)	(5,71,443)
Income tax expense			
Current tax	21	(49,973)	(59,270)
Deferred tax	21	-	(3,542)
Total tax expense		(49,973)	(62,812)
Profit/(loss) for the year		(2,19,408)	(5,08,630)
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		(2,19,408)	(5,08,630)
Earnings per equity share :	20		
(Equity shares of par value GBP 0.005 each)			
Basic and diluted		(0.40)	(0.92)

The accompanying notes form an integral part of these special purpose 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 Limited

Sd/-

Seethalakshmi M

Partner

Membership No: 208545

Sd/-

Kunaal Mahanti

Director

Sd/-

Nithin VJ

Director

Bengaluru

20 June 2022

20 June 2022

20 June 2022

International Technegroup Limited
Statement of Changes in Equity for the year ended 31 March 2022
 (All amount in GBP, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	31 March 2022		31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares	5,54,436	2,772	5,54,436	2,772
Closing number of equity shares	5,54,436	2,772	5,54,436	2,772

B. OTHER EQUITY

Particulars	Retained Earnings	
	31 March 2022	31 March 2021
Opening balance	4,33,102	10,62,318
Tax balance adjustments as on the date of acquisition	-	(1,20,585)
Total comprehensive income for the period	(2,19,408)	(5,08,630)
Closing Balance	2,13,694	4,33,102

The accompanying notes form an integral part of these special purpose 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 Limited

Sd/-
Seethalakshmi M
 Partner
 Membership No: 208545

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

Bengaluru
 20 June 2022

20 June 2022

20 June 2022

International Technegroup Limited
Statement of Cashflow for the year ended 31 March 2022
(All amount in GBP, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flows from operating activities:		
Profit for the year	(2,19,408)	(5,08,630)
Adjustments to reconcile profit for the year to net cash generated from operating activities:		
(Gain)/ Loss on sale of property, plant and equipment, net	-	70
Depreciation and amortisation expense	54,761	60,798
Income tax expense	(49,973)	(62,812)
Unrealised exchange (gain)/loss, net and exchange loss	59,377	78,868
Interest Expenses	6,742	6,581
Dividend, gain from investments and interest income	-	(6,925)
Other non cash items	(61,531)	(48,502)
Changes in operating assets and liabilities;		
Increase/(decrease) in trade receivables and other financial assets	(6,524)	67,028
Increase/(decrease) in in unbilled receivables and contract assets	(45,317)	7,55,620
Increase/(decrease) in other assets	(62,487)	(1,04,148)
(Increase)/decrease in trade payables, other liabilities and provisions	4,68,776	2,47,494
(Increase)/decrease in contract liabilities	1,05,627	(9,02,625)
Cash generated from operating activities before taxes	2,50,044	(4,17,184)
Income taxes (paid), net of refund received	64,287	44,734
Net cash generated from operating activities	3,14,330	(3,72,450)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(12,341)	(10,369)
Interest received	-	6,925
Net cash generated from/(used in) investing activities	(12,341)	(3,444)
Cash flows from financing activities:		
Interest paid	(6,742)	(6,581)
Repayment of lease liabilities	(27,758)	(27,919)
Net cash from in financing activities	(34,500)	(34,500)
Net increase in cash and cash equivalents during the year	2,67,489	(4,10,394)
Adjustment on account of merger	-	-
Effect of exchange rate changes on cash and cash equivalents	(59,377)	(81,189)
Cash and cash equivalents at the beginning of the year	5,21,373	10,12,957
Cash and cash equivalents at the end of the year	7,29,484	5,21,373

The accompanying notes form an integral part of these financial statements

As per our report attached

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No.: 003990S/S200018

Sd/-

Seethalakshmi M

Partner

Membership No: 208545

Bengaluru

20 June 2022

For and on behalf of the Board of Directors

International Technegroup Limited

Sd/-

Kunaal Mahanti

Director

20 June 2022

Sd/-

Nithin VJ

Director

20 June 2022

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

1. The Company overview

International TechneGroup Limited (ITI UK) registered in United Kingdom, provides 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 UK 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.

Parent of ITI UK, International Technegroup Incorporated was acquired by Wipro IT services LLC on 1st Oct'2019.

2. Basis of preparation of special purpose 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.

The special purpose 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)].

(a) New amended standards and interpretations

- i. Ind AS 107 Financial Instruments: Disclosures - Additional disclosures relating to interest rate benchmark reform (IBOR reform) including nature and extent of risks to which the entity is exposed due to financial instruments subject to interest rate benchmark reform and how the Company manages those risks; the Company's progress in completing the transition to alternative benchmark rates and how the Company is managing the transition.
- ii. Ind AS 109 Financial Instruments – Guidance provided on accounting for modifications of contracts resulting from changes in the basis for determining the contractual cash flows as a result of the IBOR reform; various exceptions and relaxations have been provided in relation to the hedge accounting.
- iii. Ind AS 116 Leases – Extension of optional practical expedient in case of rent concessions as a direct consequence of COVID-19 pandemic till 30th June, 2022 and guidance on accounting for modification of lease contracts resulting from the IBOR reform.
- iv. Ind AS 102 Share based payments – Alignment of liabilities definition with the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.
- v. Ind AS 103 Business Combination – Alignment of assets and liabilities definition with the Framework for Preparation and Presentation of Financial Statements with Indian Accounting Standards
- vi. Amendment of definition of term 'recoverable amount' in Ind AS 105, Ind AS 16 and Ind AS 36 from 'fair value less cost to sell' to 'fair value less cost of disposal'.

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

(b) Other amendments to the existing standards: None

(c) New standards notified and yet to be adopted by the Company: None

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

(ii) Basis of measurement

These special purpose 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.

(iii) Use of estimates and judgment

The preparation of the special purpose 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 special purpose 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 Kingdom. 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.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

- 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.
- 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.
- f) Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term is included in the lease term, if it is reasonably certain that the lessee would exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

3. Significant accounting policies

(i) Functional and presentation currency

These special purpose financial statements are presented in GBP, 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.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

- 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.

Sub-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 authorized share capital of the Company as of March 31, 2022 GBP 4,500 divided into 900,000 equity shares of GBP 0.005 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 Limited.
Notes to the special purpose financial statements
(All amount in GBP, 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**

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the lease term.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

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.

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.

(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.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

(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 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 in to 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.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

(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 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’.

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. Applying the practical expedient, the Company has not disclosed its right to consideration from customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date which are, contracts invoiced on time and material basis and volume based.

International TechneGroup Limited.
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

(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.

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 special purpose 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.

International TechneGroup Limited.
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(All amount in GBP, unless otherwise stated)

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.

International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

4 Property, plant and equipment

	Right to use	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Gross carrying value:							
As at April 1, 2021	2,76,154	28,778	1,66,007	8,827	35,549	-	5,15,315
Additions during the year	-	-	12,341	-	-	-	12,341
Disposals/ adjustments	-	-	-	-	-	-	-
As at March 31, 2022	2,76,154	28,778	1,78,348	8,827	35,549	-	5,27,656
Accumulated depreciation/ impairment:							
As at April 1, 2021	46,031	9,722	1,54,735	7,434	11,833	-	2,29,755
Depreciation	30,789	7,193	9,404	1,090	6,285	-	54,761
Disposals/ adjustments	-	-	-	-	-	-	-
As at March 31, 2022	76,820	16,915	1,64,139	8,524	18,118	-	2,84,516
Net book value as at March 31, 2022	1,99,334	11,863	14,209	303	17,431	-	2,43,140
Gross carrying value:							
As at April 1, 2020	2,76,154	28,778	2,12,208	13,797	49,878	3,274	5,84,090
Additions during the year	-	-	10,369	-	-	-	10,369
Disposals/ adjustments	-	-	(56,570)	(4,970)	(14,329)	(3,274)	(79,142)
As at March 31, 2021	2,76,154	28,778	1,66,007	8,827	35,549	-	5,15,315
Accumulated depreciation/ impairment:							
As at April 1, 2020	15,342	2,522	1,95,972	11,283	19,795	3,116	2,48,030
Depreciation	30,689	7,200	15,333	1,121	6,367	88	60,798
Disposals/ adjustments	-	-	(56,570)	(4,970)	(14,329)	(3,204)	(79,073)
As at March 31, 2021	46,031	9,722	1,54,735	7,434	11,833	-	2,29,755
Net book value as at March 31, 2021	2,30,123	19,056	11,272	1,393	23,716	-	2,85,560

International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

	As at	
	31 March 2022	31 March 2021
5 Trade receivables		
Receivable from related parties		
Considered good, Unsecured	19,208	1,63,790
Unsecured, Credit impaired	-	-
Trade receivables - Others		
Considered good, Unsecured	5,12,599	2,61,746
Unsecured, Credit impaired	11,411	105
Less: allowance for lifetime expected credit loss	(11,411)	(105)
Total Trade receivables	5,31,807	4,25,536
Movement of provision for bad debts		
Particulars		
Opening Balance	105	-
Provision created for the period	11,411	105
Utilised for the period	-	-
Unused reversal	(105)	-
Closing balance	11,411	105
6 Cash and cash equivalents	31 March 2022	31 March 2021
Balances with banks		
Current accounts	7,29,484	5,21,373
	7,29,484	5,21,373
7 Other financial Assets	31 March 2022	31 March 2021
Current		
Grant receivable	78,155	1,29,650
Other receivables*	1,03,588	60,396
	1,81,743	1,90,046
<i>*includes receivable from related parties (refer note 22)</i>		
8 Other current assets	31 March 2022	31 March 2021
Prepaid expenses	1,82,457	1,31,189
Advances to suppliers	6,840	-
Salary and other advances	6,856	2,477
	1,96,153	1,33,666

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International Technegroup Limited
Notes to the special purpose financial statements
 (All amount in GBP, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
9 Equity Share Capital		
I. Authorised capital		
9,00,000 equity shares of GBP 0.005 each	4,500	4,500
	4,500	4,500
II. Issued, subscribed and fully paid-up capital		
554,436 equity shares of GBP 0.005 each	2,772	2,772
	2,772	2,772

(i.) Shares held by holding company (International Technegroup Inc., the holding company)

Particulars	31 March 2022	31 March 2021
No. of Equity shares of GBP 0.005 each	5,54,436	5,54,436

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

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
International Technegroup Inc.	5,54,436	100.00	5,54,436	100.00

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International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

		As at	
		31 March 2022	31 March 2021
10 Lease liabilities			
	Non Current		
	Finance lease obligation	1,77,235	2,05,886
		<u>1,77,235</u>	<u>2,05,886</u>
	Current		
	Finance lease obligation	29,557	28,663
		<u>29,557</u>	<u>28,663</u>
		<u>2,06,792</u>	<u>2,34,549</u>
Details of contractual payments under non-cancellable leases are given below:			
Particulars			
	Not later than 1 year	34,500	34,500
	Later than 1 year and not later than 5 years	1,38,000	1,38,000
	More than 5 years	51,750	86,250
		<u>2,24,250</u>	<u>2,58,750</u>
11 Provisions		<u>31 March 2022</u>	<u>31 March 2021</u>
	Non Current		
	Provision for employee benefits expenses	-	61,908
		<u>-</u>	<u>61,908</u>
	Current		
	Provision for employee benefits expenses	91,564	56,613
	Provision for compensated absences	33,963	41,670
		<u>1,25,527</u>	<u>98,283</u>
		<u>1,25,527</u>	<u>1,60,191</u>
12 Trade payables		<u>31 March 2022</u>	<u>31 March 2021</u>
	Trade payables*	5,14,774	1,60,067
	Accrued expenses	1,16,135	1,11,901
		<u>6,30,909</u>	<u>2,71,968</u>
	<i>*includes payable to related parties (refer note 22)</i>		
13 Other financial liabilities		<u>31 March 2022</u>	<u>31 March 2021</u>
	Current		
	Other payables*	1,23,838	9,681
		<u>1,23,838</u>	<u>9,681</u>
	<i>*includes payable to related parties (refer note 22)</i>		
14 Other Current liabilities		<u>31 March 2022</u>	<u>31 March 2021</u>
	Statutory dues payable	1,62,085	1,31,743
		<u>1,62,085</u>	<u>1,31,743</u>

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International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
15 Revenue from operations		
Sale of Services	25,45,949	20,11,484
	25,45,949	20,11,484
Revenue by type of contract		
Fixed price and volume based	25,45,949	19,82,681
Time and materials	-	28,803
Products	-	-
	25,45,949	20,11,484
16 Other income	31 March 2022	31 March 2021
Grant Income	3,50,791	2,55,612
Interest Income	-	6,925
	3,50,791	2,62,537
17 Employee benefit expenses	31 March 2022	31 March 2021
Salaries, wages, bonus etc.	15,39,952	15,42,532
Compensated absences	(7,376)	(2,723)
	15,32,576	15,39,809
18 Finance cost	31 March 2022	31 March 2021
Interest on finance lease	6,742	6,581
	6,742	6,581
19 Other expenses	31 March 2022	31 March 2021
Rates and taxes	10,187	22,276
Other Foreign exchange gains/(losses), net	16,844	1,46,204
Allowance for lifetime expected credit loss	11,306	105
Subscription & Membership Fees	3,928	2,497
Auditors' remuneration		
Audit fees	6,786	1,188
Software licence fees	1,44,618	1,41,602
Insurance expenses	154	5,870
Bank charges	12,570	12,686
Repairs and maintenance	2,338	18,100
Administrative expenses	13,877	3,528
Recruitment expenses	-	6,443
Business meeting expenses	-	6,261
Miscellaneous Onsite Claims	-	4,631
Loss on Sale / Discard of Property, Plant and Equipment	-	70
Travel	-	74
	2,22,608	3,71,535

International Technegroup Limited
Notes to the special purpose financial statements
 (All amount in GBP, unless otherwise stated)

	Year ended 31 March 2022		Year ended 31 March 2021
20 Earnings per Equity Share			
Profit/(loss) for the period	(2,19,408)		(5,08,630)
Weighted Average Number of Equity Shares Outstanding	5,54,436		5,54,436
Basic and diluted earnings/(loss) per share	-	0.40	-
Nominal value - per equity share	0.0005		0.0005
21 Income tax	31 March 2022		31 March 2021
Income tax expense has been allocated as follows:			
Income tax expense			
Domestic			
Current taxes	(42,174)		(98,857)
Tax of earlier years	(7,799)		39,587
Deferred taxes	-		(3,542)
Total income taxes	(49,973)		(62,812)

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as below

	31 March 2022		31 March 2021
Profit before income tax	(2,69,381)		(5,08,630)
Enacted tax rates in the United Kingdom (%)	19.00%		19.00%
Computed tax expenses	(51,182)		(96,639)
Tax expenses of earlier years	(7,799)		39,587
Permanent differences	8,770		(9,717)
Others	238		3,957
Total income taxes	(49,973)		(62,812)

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International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

22 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
International Technegroup Incorporated	Holding Company
ITI Proficiency Ltd.	Fellow Subsidiary
Wipro Holdings UK Limited	Fellow Subsidiary

ii) The Company had the following transactions with related parties during the year

Particulars	Year ended	
	Year ended 31 March 2022	Year ended 31 March 2021
Subcontracting & technical fees		
International Technegroup Incorporated	2,16,004	1,64,882
ITI Proficiency Ltd.	4,86,244	1,48,948
Wipro Limited	5,46,958	-
Sales and services		
International Technegroup Incorporated	3,73,391	2,11,710
ITI Proficiency Ltd.	-	10,193

Particulars	As at	
	31 March 2022	31 March 2021
Payables:		
International Technegroup Incorporated	3,99,942	55,545
ITI Proficiency Ltd.	28,899	84,120
Wipro Limited	1,32,309	30,298
Receivables:		
International Technegroup Incorporated	27,852	1,63,790
Wipro Limited	3,682	60,396
Wipro Holdings UK Limited	91,445	-

23 Commitments and contingencies

There are no Contingent Liabilities, Capital and Other Commitments as at 31 March 2022 and 31 March 2021.

24 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 Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

25 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March, 2022 were as follows :

Particulars	Note	FVTPL	Amortized cost	Total carrying value	Total fair value
Financial assets :					
Trade receivables	5	-	5,31,807	5,31,807	5,31,807
Cash and cash equivalents	6	-	7,29,484	7,29,484	7,29,484
Unbilled revenues		-	73,872	73,872	73,872
Other financial assets	7	-	1,81,743	1,81,743	1,81,743
Total financial assets		-	15,16,906	15,16,906	15,16,906
Financial liabilities :					
Lease liabilities	10	-	2,06,792	2,06,792	2,06,792
Trade payables	12	-	6,30,909	6,30,909	6,30,909
Other financial liabilities	13	-	1,23,838	1,23,838	1,23,838
Total financial liabilities		-	9,61,539	9,61,539	9,61,539

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 :					
Trade receivables	5	-	4,25,536	4,25,536	4,25,536
Cash and cash equivalents	6	-	5,21,373	5,21,373	5,21,373
Unbilled revenues		-	28,555	28,555	28,555
Other financial assets	7	-	1,90,046	1,90,046	1,90,046
Total financial assets		-	11,65,510	11,65,510	11,65,510
Financial liabilities :					
Lease liabilities	10	-	2,34,549	2,34,549	2,34,549
Trade payables	12	-	6,30,909	6,30,909	6,30,909
Other financial liabilities	13	-	1,23,838	1,23,838	1,23,838
Total financial liabilities		-	9,89,297	9,89,297	9,89,297

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 the measurement, as follows:

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 directly or indirectly

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 Limited
Notes to the special purpose financial statements
 (All amount in GBP, unless otherwise stated)

26 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 2022

Particulars	As as 31 March 2021	As as 31 March 2022
No of customers who owed more than 10% of total receivables	1	2
Contributions of customers owning more than 10% of total receivables	47%	55%

This space has been intentionally left blank

International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

26 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.

31 March 2022	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Lease liabilities	29,557	1,26,326	50,909	2,06,792
Trade payables	6,30,909	-	-	6,30,909
Other financial liabilities	1,23,838	-	-	1,23,838
Total	7,84,304	1,26,326	50,909	9,61,539
<hr/>				
31 March 2021	Less than 1 year	1 year to 5 years	5 years and above	Total
Non-derivatives				
Lease liabilities	28,663	1,22,505	83,381	2,34,549
Trade payables	2,71,968	-	-	2,71,968
Other financial liabilities	9,681	-	-	9,681
Total	3,10,312	1,22,505	83,381	5,16,198

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.

International Technegroup Limited
Notes to the special purpose financial statements
(All amount in GBP, unless otherwise stated)

D Interest rate risk

The Company has no borrowings as at 31st March, 2022. 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 USD, EUR, INR. 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.

27 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2022 and the date of authorization of these 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 Limited

Sd/-
Seethalakshmi M
Partner
Membership No: 208545

Sd/-
Kunaal Mahanti
Director

Sd/-
Nithin VJ
Director

Bengaluru
20 June 2022

20 June 2022

20 June 2022