

2018-19

SUBSIDIARY COMPANIES  
ANNUAL REPORT

LTI

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A Larsen & Toubro  
Group Company

**LARSEN & TOUBRO INFOTECH LIMITED  
SUBSIDIARY COMPANIES**

**REPORTS AND ACCOUNTS 2018-2019**

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# DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the report and Audited Accounts for the year ended March 31, 2019.

## 1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	2018-19	2017-18
	Euro	Euro
Total Income	12,169,245	11,39,0637
Total Expenditure	11,501,394	10,820,474
Operating Profit / (Loss)	667,851	570,163
Add: Interest Income	3,447	-
Less: Finance Costs	-	-
Profit / (Loss) before Tax	671,298	570,163
Less: Tax	(105,451)	401,795
Net Profit / (Loss) after Tax	776,749	168,368
Add: Balance b/f from previous year	2,873,386	4,005,029
Balance available for disposal which directors appropriate as follows:		
Dividend	1,000,000	1,300,000
Transfer to Reserves	-	-
<b>Balance to be carried forward</b>	<b>2,650,135</b>	<b>2,873,386</b>

## 2. CAPITAL EXPENDITURE:

As at March 31, 2019, the gross fixed and intangible assets including leased Assets, stood at EUR 176,430/- and the net fixed and intangible assets, including leased assets, at EUR 69,463/-. There was no new Capital Expenditure during the year.

## 3. CAPITAL & FINANCE:

During the year under review, the parent Company has invested Euro 27 Mn in the Company out of which Euro 75000 is against equity Capital & rest of the amount was towards Capital reserve.

## 4. SUBSIDIARIES ACQUISITION:

During the year under review, the parent company, through the Company acquired 100% shareholding of Nielsen+Partner Unternehmensberater GmbH, Germany on March 1, 2019 alongwith its identified subsidiaries Nielsen + Partner Unternehmensberater AG, Switzerland, Nielsen+Partner PTE. LTD, Singapore, Nielsen&Partner Pty Ltd, Australia, Nielsen+Partner S.A. Luxembourg and Nielsen&Partner Company Limited, Thailand. On March 15, 2019, the Company also acquired 100% shareholding of Ruletronics Limited, UK and Ruletronics Systems Inc., US.

## 5. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were EUR 12.17 Mn as against EUR 11.39 Mn for the previous financial year registering an increase of 6.8%. The profit before tax from continuing operations including extraordinary and exceptional items was EUR 0.67 Mn and the profit after tax from continuing operations including extraordinary and exceptional items of EUR 0.78 Mn for the financial year under review as against EUR 0.57 Mn and EUR 0.17 Mn respectively for the previous financial year.

## 6. DIVIDEND:

In order to conserve the resources for future business growth, the Directors do not recommend any final dividend for the year. During the year, your Company paid an interim dividend of Euro 1 Mn.

## 7. REPORTING OF FRAUDS:

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

## DIRECTORS' REPORT (Contd.)

### **8. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### **9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Mr. Satyakanta Samal was appointed as Directors by the Shareholder by passing a resolution on September 11, 2018. This appointment got registered in the Trade Register on April 2, 2019.

### **10. FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

### **11. AUDITORS:**

M/s Pohner & Loeben are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

### **12. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### **13. ACKNOWLEDGEMENT**

Your Directors acknowledge the invaluable support extended by the Government authorities in Germany and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Mumbai

Date: April 29, 2019

**Sudhir Chaturvedi**

Director

# AUDITOR'S REPORT

## 1. Assignment

The management of ,

Larsen & Toubro Infotech GmbH, Leipzig,

- authorised signatory hereinafter referred to as "Larsen" as well as the "Company" -

appointed us (confirmation of order dated April 20, 2019) by the shareholders resolution dated, April 30, 2018 to audit the financial statements and the accounting records for the year ended March 31, 2019.

The maintenance of the books and records and the preparation of the annual financial state-ments in accordance with the German Commercial Code (HGB) and the additional regulations of the articles of association are on the responsibility of the Company's management. Our respon-sibility is to express an opinion on the annual financial statements based on our audit.

We carried out our audit in accordance with the general conditions of assignment for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften of the "Institut der Wirtschaftsprüfer" in Germany e.V. (IDW), dated January 01, 2017 (added in appendix 3). Our responsibility and our liability, especially to third parties, is based on these conditions of assignment.

We report about our audit in accordance with § 321 German Commercial Code (HGB) and in accordance with the reporting standards of IDW PS 450. Our report is directed to the audited Company and consists of a main part, which includes all essential statements summarized and four appendices, which are an essential part of our report.

We certify in accordance with § 321 par. 4 a German Commercial Code (HGB) that we have ob-served the Audit Independence Rules.

## 2. General Statements

### 2.1. Situation of the Company

The Company, as a small company with regard to § 267 par. 1 German Commercial Code used its right to choose according to § 264 par. 1 sent. 4 German Commercial Code and did not prepare a management report. The evaluations of the management about the situa-tion of the Company and the risks of the future development affect disclosure and valua-tion decisions already within the scope of the preparation of the annual financial state-ments by the legal representatives. As far as the judgement of the situation of the Compa-ny by the legal representatives was considered in the annual financial statements in the form of the audited papers and documents as well as additionally given information we make the following statements:

Within the scope of the audit of the annual financial statements as well as the business sit-uation of the Company we noted no facts which argue against the judgement of the situa-tion of the Company according to the submitted annual financial statements.

### 2.2. Statements according to § 321 par. 1 sent. 3 German Commercial Code Irregularities

In the course of our audit no irregularities have been found.

## 3. Subject, character and audit scope

The subject of our audit was the Company's accounting and the financial statements.

The Company is a small sized company in accordance with § 267 par. 1 German Commercial Code (HGB). Therefore the Company is not obliged by applicable law to be audited with regard to § 316 pf. German Commercial Code (HGB). The Company applies the statutory accounting requirements in Germany.

The audit did not extend to the audited company's future prospects nor to the effectiveness and the efficiency of the management.

The audit was carried out in accordance with § 317 German Commercial Code (HGB) and the auditing Standards promulgated in the statement of IDW PS 200 pf. by the German „Institut der Wirtschaftsprüfer" (IDW). We have audited, whether the regulations of the German Commercial Code and additional regulations of the articles of association of the Company and the regula-tions and standards of accounting were noticed. The audit covers other regulations only in so far as these regulations contain rules with which the financial statements have to comply. This audit does neither cover any specific information on criminal offences such as breach of public trust or embezzlements nor any offences committed beyond accounting.

The audit was performed by defining an audit strategy, taking a risk-orientated approach. Based on this approach, significant criteria for the determination of audit procedures is the risk of er-rors and violations of statutory provisions. Knowledge of the business activities and the eco-nomic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures.

## AUDITOR'S REPORT (Contd.)

On the basis of this determination we have planned our audit procedures.

The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. We focused on economic importance of each part of the audit and the type of accounting principles. Because of this assurance of the proper business transactions the scope of the individual audit procedures could be cut down. The audit procedures included plausibility checks and the audit of evidence of individual business transactions.

Provided that materiality limits were not exceeded no adjustments have been made.

We carried out our audit in April 2019 in our office premises in Munich. Our auditor's functions were essentially finished on April 29, 2019.

Our audit was focused on:

- Valuation of accruals
- Reconcile and evaluation of trade receivables and trade payables including affiliated companies

We have requested confirmations of affiliated companies concerning trade receivables and trade payables. Amounts due from and to affiliated companies have been agreed upon with the companies concerned.

The cash in banks and liabilities due to banks are in accordance with confirmations and statement of accounts.

Details about the audit scope and methods are included in our working papers.

All requested documents had been at our entire disposal. Necessary explanations were given to us by:

- Warth & Klein Grant Thornton AG, the tax adviser of the Company (Munich)
- Ms. Dhruvi Sampat, Larsen & Toubro Infotech Ltd. (Mumbai/India).

We have received the Letter of Representation by the managing director. In the Letter of Representation the management promised that the bookkeeping contains all assets, liabilities and risks and that the information given to us is complete.

### 4. Statements and explanation to accounting

#### 4.1. Adequacy of the accounting

##### 4.1.1 Accounting and other reviewed documents

The accounting of the Company including the wage and salary accounting of the reporting year are performed outside by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft (tax consultant company), Munich, by the use of a data processing program called DATEV.

We have convinced ourselves of the adequacy and procedure of the accounting as a whole and its practical use. The vouchers are orderly and conclusive. Journal and ledger accounts are properly recorded. The accounting records documents handling is in accordance with the general accepted accounting principles. Assets and liabilities were properly proved. When we finished our audit all accounts were closed.

In the course of our audit and due to the information given to us we did not find any indications that the safety of the data processed for the purposes of accounting is not guaranteed.

##### 4.1.2 Financial statements

The balance sheet as of March 31, 2019 and the profit and loss account for the period from April 1, 2018 to March 31, 2019 were correctly deduced from the accounting. The balance sheet format complies with the German Commercial Code. The assets were proven by balance files, confirmations, correspondences of the Company and other documents.

We audited the financial statements as of March 31, 2018 and supplied it with the auditors' opinion on April 30, 2018. The financial statements as of March 31, 2018 were approved at the shareholders' meeting on April 30, 2018.

The financial statements of Larsen & Toubro Infotech GmbH, Leipzig, were prepared in accordance with §§ 242-256 German Commercial Code (HGB) and the complementing regulations of §§ 264-288 German Commercial Code (HGB). Furthermore the regulations in the German GmbH-Law were noticed.

## AUDITOR'S REPORT (Contd.)

The valuation of assets and liabilities applied to the German Commercial Code. The used accounting and valuation methods are presented in the notes to the financial statements (appendix 1.3).

Valuation methods and classifications of the financial statements as of March 31, 2018 are applied. The standards of § 252 of German Commercial Code (HGB) were followed by the Company and the German Accounting Directive Implementation Act.

The notes to the financial statements are in accordance with the applicable law and regulations. The notes to the financial statements especially contain all necessary disclosures, representations, analysis, explanations and reasons with regard to recording methods of the accounting and valuation of the individual items in the balance sheet and profit and loss account as well as the other necessary disclosures. We examined the individual disclosures of the notes to the financial statements within our audit of the individual items in the balance sheet and profit and loss account.

### 4.2. Overall picture conveyed by the financial statements

#### 4.2.1 Result of the financial statements

According to the result of our audit the financial statements, in compliance with generally accepted accounting principles, present overall a true and fair view of its net worth, financial position and results of operations.

#### 4.2.2 Substantial valuation methods

Tangible assets and intangible assets stated at purchase costs reduced by systematic depreciation. Fixed assets are depreciated on a straight-line method. Low value items up to EUR 800,00 (until December 31, 2017 EUR 410,00) are completely written-off in their first year.

The financial assets are stated at acquisition costs.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other accruals are set up for uncertain liabilities and are stated at the amount required based on sound business judgement.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

#### 4.2.3 Change in accounting and evaluation methods

The application of accounting and evaluation choices of the German Commercial Code (HGB) as well as other bases of evaluation for the financial statements are unchanged compared to prior year. A change in accounting and evaluation methods as well as basic influences on the reporting of the net assets, financial position and results of operations by a changed practice of the scope of discretion are, according to our assessment, not existing.

#### 4.2.4 Statements concerning single items of the balance sheet

We refer to the notes of financial statements (Appendix 1.3).

As requested we did not give a detailed report about the net assets, financial position and results of operations of the Company.

### 5. Repetition of the independent Auditors' opinion

Based on the results of our audit of the financial statements as of March 31, 2019 of Larsen & Toubro Infotech GmbH, Leipzig, we render the following report of the independent auditor.

The German version will apply in cases of doubt.

<p><u>Bestätigungsvermerk des unabhängigen Abschluss-prüfers:</u></p> <p>An die Larsen &amp; Toubro Infotech GmbH, Leipzig</p> <p><u>Prüfungsurteile</u></p> <p>Wir haben den Jahresabschluss der Larsen &amp; Toubro Infotech GmbH, Leipzig – bestehend aus der Bilanz zum 31.3.2019 und der Gewinn- und Verlust-rechnung für das Geschäftsjahr vom 1.4.2018 bis zum 31.3.2019 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs- und Bewertungs-methoden – geprüft.</p> <p>Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse</p> <ul style="list-style-type: none"> <li>entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen, für Kapitalgesellschaften geltenden handels-rechtlichen Vorschriften und vermittelt unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31.3.2019 sowie ihrer Ertragslage für das Geschäftsjahr vom 1.4.2018 bis zum 31.3.2019.</li> </ul> <p>Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses geführt hat.</p>	<p><u>Report of the independent auditor:</u></p> <p>For Larsen &amp; Toubro Infotech GmbH, Leipzig</p> <p><u>Conclusions:</u></p> <p>We have examined the annual financial statement of Larsen &amp; Toubro Infotech GmbH, Leipzig comprising of the balance sheets dated March 31, 2019, the profit and loss calculations for the financial year April 1, 2018 to March 31, 2019 and also the appendices including a description of the accounting and valuation methods used.</p> <p>After examining the relevant documents we are of the opinion that they:</p> <ul style="list-style-type: none"> <li>are in accordance with all significant issues included in the currently valid German regulations governing capital companies and are also in accordance with regulations and general good practice associated with German accountancy. The documents reflect an appropriate picture of the assets and financial situation of the company as of March 31, 2019 and also generated revenue for the financial year April 1, 2018 to March 31, 2019.</li> </ul> <p>In accordance with § 322 Abs. 3 Satz 1 HGB, we hereby declare that our examination of the annual financial accounts report has given no grounds for objection and are compliant.</p>
<p><u>Grundlage für die Prüfungsurteile</u></p> <p>Wir haben unsere Prüfung des Jahresabschlusses in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungs-mäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresab-schlusses“ unseres Bestätigungsvermerks weiter-gehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vor-schriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zum Jahresabschluss zu dienen</p>	<p><u>Basis of Examination Conclusion</u></p> <p>We have conducted our examination of the annual financial accounts according to § 317 HGB, and according to the principles and conventions as defined by the "Institute of Public Auditors". Our responsibility according to these rules and regulations is described in detail our auditor's report and is to be found in the section "Responsibility of auditors carrying out the audit of annual accounts". We are independent of the company being audited, as required by the German commercial and professional law, and have fulfilled our other various required obligations as detailed in these requirements. We are of the opinion that the information and proof necessary to form a judgement upon the annual financial accounts are sufficient and suitable.</p>
<p><u>Verantwortung der gesetzlichen Vertreter für den Jahresabschluss.</u></p> <p>Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsgemäßer Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist.</p>	<p><u>Responsibility of the legal representative for the annual financial accounts.</u></p> <p>The legal representatives are responsible for the compilation of the financial accounts in all significant points and in accordance with valid German commercial rules and regulation applicable to capital companies. The responsibility also ensures that the financial accounts are compiled according to the good practice principles of German accountancy and that they represent a true picture of the revenue, assets, and financial situation of the company. Additionally the legal representatives are responsible for the internal supervision of the observance of German accountancy good practice principles which are required to compile the annual financial accounts which are free of significant false representations, whether by design or accident.</p>



<p>Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungs-grundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.</p>	<p>With the compilation of the annual financial accounts the legal representatives have the responsibility to enable the company to assess the ability of the company to continue with their business. Additionally they have the responsibility to declare pertinent circumstances relevant to the continuation of the business. The legal representatives are also responsible, based upon accounting standards, to consider the continuation of the business in the balance sheet as long as this does not conflict with actual or legal circumstances.</p>
<p><u>Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses</u></p> <p>Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Jahresabschluss beinhaltet.</p> <p>Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungs-mäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.</p> <p>Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus</p> <ul style="list-style-type: none"> <li>identifizieren und beurteilen wir die Risiken wesentlicher - beabsichtigter und unbeabsichtigter - falscher Darstellungen im Jahresabschluss, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.</li> </ul>	<p><u>Responsibility of the auditors for the auditing of the annual financial accounts.</u></p> <p>It is our aim to achieve sufficient certainty to ensure that the annual financial accounts are, in their entirety, free of significant false representations, whether by design or accident and to present an audit report which contains our professional opinion to the annual financial accounts. "Sufficient Certainty" is a high standard of certainty however it is not a guarantee. An audit carried out according to the legislation § 317 HGB and to standards outlined by the "Institut der Wirtschaftsprüfer (Institute of Public Auditors, IDW) known as the German accountancy good practice principles cannot always uncover a significant false representation. False representations can be a result of a violation or an error and are considered significant when it can reasonably be expected that they, either singularly or together, would influence the commercial decisions of the reader of the annual financial accounts.</p> <p>During the audit we exercise a dutiful discretion under the maintenance of a critical attitude. In addition to this:</p> <ul style="list-style-type: none"> <li>we identify and judge the risks associated with significant deliberate or accidental false representations contained within the annual financial accounts. As a reaction to these risks, we will plan and carry out audit actions which are sufficient and suitable to act as a foundation for our professional opinion. The risk associated with significant false representations which have not been exposed is higher for violations than with errors. This is because violations could imply fraudulent cooperation, falsifications, deliberate incompleteness, misleading presentation of information or the hindrance of internal supervision and monitoring.</li> </ul>
<ul style="list-style-type: none"> <li>gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieser Systeme der Gesellschaft abzugeben.</li> <li>beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.</li> </ul>	<ul style="list-style-type: none"> <li>we achieve an understanding of the internal supervision and monitoring system relevant to the annual financial accounts. This is done in order to plan audit actions which are relevant to the given situation, however not with the intention of giving an appraisal as to the effectiveness of the companies systems.</li> <li>we judge the suitability of the accounting methods used by the accountants (legal representatives) and also the tenability of estimated values and correlating declarations used by them.</li> </ul>



**BALANCE SHEET***as of March 31, 2019*

	EUR	EUR	Previous Year TEUR
<b>ASSETS</b>			
<b>A. Fixed assets</b>			
I. Tangible assets			
Other equipment, factory and office equipment	69,463.00		87
II. Financial assets			
Investments in affiliated companies	62,951,059.17	63,020,522.17	27,893
<b>B. Inventories</b>			
Orders in progress		357,932.14	54
<b>C. Current assets</b>			
I. Receivables and other assets			
1. Trade receivables	3,324,707.69		2,715
2. Receivables from affiliated companies	1,513,830.59		1,652
3. Other assets	163,879.00		309
II. Cash, Bank Balances	1,594,535.26	6,596,952.54	3,365
<b>D. Accrued items</b>			
		7,847.41	4
		<b>69,983,254.26</b>	<b>36,079</b>
<b>LIABILITIES</b>			
<b>A. Equity</b>			
I. Subscribed capital	50,000.00		50
II. Capital reserves	42,900,000.00		15,975
III. Retained profits	1,873,385.92		2,705
IV. Net income for the year	776,749.49	45,600,135.41	168
<b>B. Contributions to implement the capital increase resolved</b>			
		75,000.00	-
<b>C. Accruals</b>			
I. Tax accruals	3,300.00		6
II. Other accruals	21,856,398.42	21,859,698.42	14,332
<b>D. Liabilities</b>			
I. Trade payables	84,085.58		299
- thereof due within one year EUR 84,085.58 (p.y. 299 TEUR)			
II. Amounts due to affiliated companies	1,349,414.47		2,277
- thereof due within one year EUR 1,114,477.83 (p.y. 2,277 TEUR)			
III. Other liabilities	1,014,920.38	2,448,420.43	267
- thereof due to tax payments EUR 152,623.07 (p.y. 149 TEUR)			
- thereof due to social security and similiar obligations EUR 0,00 (p.y. 17 TEUR)			
- thereof due within one year EUR 976,770.04 (p.y. 267 TEUR)			
		<b>69,983,254.26</b>	<b>36,079</b>

For and on behalf of the Board

**Sudhir Chaturvedi**  
Managing Director

**PROFIT & LOSS ACCOUNT***Profit & loss account for the period from April 1, 2018 to March 31, 2019*

	EUR	EUR	Previous Year TEUR
1. Sales revenues		11,653,346.22	11,403
2. Increase in orders in progress		303,585.27	-44
<b>3. Other operating income</b>		212,313.87	32
- of which currency translation gains EUR 62,440.08 (p.y. 11 TEUR)		<b>12,169,245.36</b>	<b>11,391</b>
4. Costs of materials			
a) Costs of raw materials, consumables and of purchased merchandise	7.24		-
b) Costs of purchased services	6,404,833.65	-6,404,826.41	-5,409
		<b>5,764,418.95</b>	<b>5,982</b>
5. Personnel expenses			
a) Wages and salaries	3,867,227.80		-2,647
b) social charges	439,406.62		-1,005
6. Depreciation on intangible fixed and tangible assets	17,563.00		-18
7. Other operating expenses	772,370.57	-5,096,567.99	-1,742
- of which expenses translation gains EUR 13,833.90 (p.y. 311 TEUR)		667,850.96	570
8. Other interest and similar income	546,826.57		-
- of which discounting of accruals EUR 543,503.62 (p.y. 475 TEUR)			
9. Interest and similar expenses	-543,379.89	3,446.68	- -
- of which discounting of investments EUR 543,503.62 (p.y. 475 TEUR)		671,297.64	570
10. Taxes on income		105,451.85	-402
- of which deferred taxes EUR 0.00 (p.y. - TEUR)			
11. Result after taxes		776,749.49	168
12. Other taxes		-0.00	-
13. Net income for the year		776,749.49	168
14. Retained profits		1,873,385.92	2,705
15. Disposable profits		2,650,135.41	2,873

For and on behalf of the Board

**Sudhir Chaturvedi**  
Managing Director

# NOTES TO FINANCIAL STATEMENTS

Notes to the Financial statements as of March 31, 2019

## 1. Key figures, Classification, Previous year's figure

The Larsen & Toubro Infotech GmbH – hereinafter referred to as the company – with its seat in Leipzig, was founded by notarial record agreement dated June 14, 1999 and has a capital stock of EUR 50,000.00 (since April 2, 2019 EUR 125,000.00). The Company was registered at the commercial register Leipzig (HRB 15958) on July 28, 1999.

The parent company is Larsen & Toubro Infotech Limited with its domicile in Mumbai, India.

Object of the Company is the provision of consulting services in the area of information technology as well as the trade with products and rights of every type, particularly with assets, devices and fittings regarding information technology as well as software.

The company is a small company according to § 267 HGB (German Commercial Code), as the characteristics of size with regard to § 267 par. 1 HGB are not reached. The financial statements are set up according to the HGB and the GmbHG (Limited liability company law).

The structure of the balance sheet and profit and loss summary is according to the regulations of the HGB. The profit and loss account was set up in total expenditure format according to § 275 Abs. 2 HGB. The notes were prepared under consideration of the alleviation of § 288 HGB.

## 2. Accounting principles and standard of valuation and notes to the financial statement

The applied accounting principles and valuation methods of the annual financial statements are in accordance with §§ 238 ff. HGB as well as with §§ 264 ff. HGB for corporations.

Fixed assets are capitalized at acquisition or production costs less normal depreciation. Moveable assets are depreciated using the straight-line method. Low value items up to EUR 800.00 (until December 31, 2017 EUR 410.00) are completely written-off in their first year.

The financial assets are stated at acquisition costs.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other assets and liabilities are considered with the nominal face respectively settlement value.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

## 3. Informations on balance sheet and profit & loss account

Fixed assets developed as follows :

	Purchase and manufacturing costs			
	Balance at April 1, 2018 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2019 EUR
<b>A. Fixed Assets</b>				
<b>I. Tangible assets</b>				
Other equipment, fixtures, furniture and office equipment	176,430.72	-	-	176,430.72
<b>II. Financial Assets</b>				
Investments in affiliated companies	27,893,219.24	35,057,839.93	-	62,951,059.17
	28,069,649.96	35,057,839.93	-	63,127,489.89

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

as of March 31, 2019

	Depreciations			Net book value	
	Balance at April 1, 2018 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2019 EUR	Balance at March 31, 2018 EUR
<b>A. Fixed Assets</b>					
<b>I. Tangible assets</b>					
Other equipment, fixtures, furniture and office equipment	89,404.72	17,563.00	-	106,967.72	87,026.00
<b>II. Financial Assets</b>					
Investments in affiliated companies	-	-	-	-	-
	89,404.72	17,563.00	-	106,967.72	87,026.00

The investment in affiliated companies is valued at contingent acquisition cost discounted to the present value on the balance sheet date.

Receivables are all due within one year.

The other accruals contain provisions for financial statements and audit (40 TEUR), vacation provisions (253 TEUR), insurance association (16 TEUR), outstanding invoices (58 TEUR) and "earn out" payments (21,490 TEUR).

The accrual "earn out" payments is discounted to the present value on the balance sheet date.

The liabilities include liabilities against affiliated companies of EUR 1,349,414.47. EUR 1,114,477.83 are due within one year.

Contingencies according to § 251 HGB did not exist at closing date.

Deferred tax assets and deferred tax liabilities were not to be taken into account.

**4. Other information**

Managing Director:

Ashok Kumar Sonthalia, Managing Director, Mumbai/India

(Power to sole representation, exempt of § 181 BGB)

Sudhir Chaturvedi, Managing Director, Purley/Great Britain (Power to sole representation, exempt of § 181 BGB)

Satyakanta Samal, Managing Director, Surrey/Great Britain, (since April 2, 2019)

With regard to further disclosures, use has been made of the protective clause provided for by § 286 par. 4 HGB.

The annual average number of employees was 47.

Proposal for appropriation of profit:

The Management proposes to carry forward the net accumulated profit of EUR 2,650,135.41 .

**5. Events after the balance sheet date**

No significant events arose after the end of the financial year which have not been considered in the profit and loss account or the balance sheet.

Larsen & Toubro Infotech  
GmbH, Leipzig

**Sudhir Chaturvedi**  
Managing Director

Leipzig, April 29, 2019

## LEGAL POSITION

<b>A. Company's Structure</b>	
Legal form:	Limited liability company
Company name:	Larsen & Toubro Infotech GmbH
Legal domicile:	D-04109 Leipzig
Articles of association:	June 14, 1999 (Dr. Carsten Ritter, Leipzig/Germany)
Commercial Register:	Local first-instance court Leipzig, HR B 15958. We re-ceived a certificate of registration dated April 23, 2018.
Object of the Company:	Delivery of consulting services in the field of infor-mation technology as well as dealing with goods and rights of all kind, especially with assets, equipment and fixtures for information technology as well as software.
Nominal Capital:	EUR 50,000.00 (since April 2, 2019 EUR 125,000.00) 100 % of the shares of the Company are being held by Larsen & Toubro Infotech Ltd., Mumbai/India
Managing Directors:	Ashok Kumar Sonthalia, Mumbai/India Sudhir Chaturvedi, Purley/Great Britain Satyakanta Samal, Surrey/Great Britain
Fiscal Year:	April 1 until March 31
Prior financial Statements:	The financial statements as of March 31, 2018 were approved at the shareholders´ meeting on April 30, 2018.

### B. Tax Basis

#### General

The Company is recorded by the local tax office for corporations in Leipzig (registration-number: 231/113/12222).

The tax authorities carried out a tax audit in the year 2012 for the assessment periods 2007 to 2009.

## DIRECTORS' REPORT

Dear Member,

The Directors have pleasure in presenting the report and Audited Accounts for the year ended March 31, 2019.

### 1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2018-19	2017-18
	CAD*	CAD
Total Income	31,101,558	21,933,610
Total Expenditure	29,384,306	20,972,359
Operating Profit / (Loss)	1,717,252	961,251
Profit / (Loss) before Tax	1,717,252	961,251
Less : Tax	461,459	255,015
<b>Net Profit / (Loss) after Tax</b>	<b>1,255,793</b>	<b>706,236</b>
Add: Balance b/f from previous year	2,198,404	1,492,168
<b>Balance to be carried forward</b>	<b>3,454,197</b>	<b>2,198,404</b>

Notes : Canadian Dollars.

### 2. **CAPITAL EXPENDITURE:**

As at March 31, 2019, the gross fixed and intangible assets including leased Assets, stood at CAD 37,171 and the net fixed and intangible assets, including leased assets, at CAD 7,625. Capital Expenditure during the year amounted to CAD 1,417.

### 3. **STATE OF COMPANY AFFAIRS/BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review were CAD 31.10 Mn. as against CAD 21.93 Mn. for the previous financial year registering an increase of 41.8%. The profit before tax from continuing operations including extraordinary and exceptional items was CAD 1.72 Mn. and the profit after tax from continuing operations including extraordinary and exceptional items of CAD 1.26 Mn. for the financial year under review as against CAD 0.96 Mn. and CAD 0.71 Mn. respectively for the previous financial year, registering an increase of 78.65 % and 77.81% respectively.

### 4. **DIVIDEND:**

The Directors recommend a final dividend of CAD 10,000 per common share on the share capital for the year ended March 31, 2019.

### 5. **REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

### 6. **DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 7. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

No change in the Board of Directors & Key Managerial Personnel happened during the FY 2018-19.

### 8. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

### 9. **AUDITORS:**

KNAV Professional Corporation are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.



## DIRECTORS' REPORT (Contd.)

### 10. **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### 11. **ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board**

**Harsh Naidu**

Director  
Edison

**Tina Allan**

Director  
Mississauga

Date: April 23, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder,

### **Larsen and Toubro Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE**

We have audited the accompanying financial statements of Larsen and Toubro Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE ("the Company") which comprise the balance sheets as at March 31, 2019 and March 31, 2018 and the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2019 and March 31, 2018, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Larsen and Toubro Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE as at March 31, 2019 and March 31, 2018 and its financial performance and its cash flows for the years ended March 31, 2019 and March 31, 2018 in accordance with Canadian accounting standards for private enterprises.

**KNAV Professional Corporation**

Chartered Professional Accountants  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Date: April 23, 2019

Place: Toronto

# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	As at	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,386,291	1,118,861
Accounts receivable, net	7	2,944,728	6,813,108
Other current assets	8	161,618	65,009
Unbilled revenue		893,941	317,023
<b>Total current assets</b>	\$	<b>8,386,578</b>	<b>8,314,001</b>
Computer, furniture and office equipment	9	7,625	9,557
<b>Total assets</b>	\$	<b>8,394,203</b>	<b>8,323,558</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	3,583,009	5,345,392
Other current liabilities	11	1,246,720	687,222
Deferred revenue		109,434	91,792
<b>Total current liabilities</b>	\$	<b>4,939,163</b>	<b>6,124,406</b>
Future tax liabilities	14	743	648
<b>Total liabilities</b>	\$	<b>4,939,906</b>	<b>6,125,054</b>
<b>Shareholder's equity</b>			
Share capital	12	100	100
Retained earnings		3,454,197	2,198,404
<b>Total shareholder's equity</b>	\$	<b>3,454,297</b>	<b>2,198,504</b>
<b>Total liabilities and shareholder's equity</b>	\$	<b>8,394,203</b>	<b>8,323,558</b>

(The accompanying notes are an integral part of these financial statements)

For and on behalf of the Board

Harsh Naidu  
Director

Tina Allan  
Director

## FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

### STATEMENTS OF INCOME AND RETAINED EARNINGS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	For the year ended	
		March 31, 2019	March 31, 2018
Revenue	13	31,101,558	21,933,610
<b>Total revenue</b>	\$	<b>31,101,558</b>	<b>21,933,610</b>
Employee cost		14,786,293	9,498,469
Subcontracting expenses		12,907,257	10,505,228
Other direct costs		36,656	-
<b>Total direct expense</b>	\$	<b>27,730,206</b>	<b>20,003,697</b>
Sales and administration expenses		485,219	494,369
Rent		158,815	95,823
Professional charges		487,402	255,464
Travelling and conveyance		361,299	35,180
Telephone charges		47,948	17,685
Auditor's remuneration		10,103	12,175
Foreign exchange loss		24,848	31,170
Miscellaneous expenses		75,117	25,427
<b>Total indirect costs</b>	\$	<b>1,650,751</b>	<b>967,293</b>
Depreciation	9	3,349	1,369
<b>Income before tax</b>	\$	<b>1,717,252</b>	<b>961,251</b>
Provision for income taxes		461,364	262,851
Future income tax expenses benefit		95	(7,836)
<b>Income taxes</b>	14	<b>461,459</b>	<b>255,015</b>
<b>Net income after taxes</b>	\$	<b>1,255,793</b>	<b>706,236</b>
Retained earnings, beginning of the year		2,198,404	1,492,168
<b>Retained earnings, end of the year</b>	\$	<b>3,454,197</b>	<b>2,198,404</b>

(The accompanying notes are an integral part of these financial statements)

For and on behalf of the Board

**Harsh Naidu**

Director  
Edison

**Tina Allan**

Director  
Mississauga

# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## STATEMENTS OF CASH FLOWS

(All amounts are in Canadian Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Cash flow from operating activities</b>		
Net income after tax	1,255,793	706,236
<b>Adjustments for non- cash items</b>		
Depreciation	3,349	1,369
Provision for doubtful accounts receivable	40,978	-
Future income tax expenses (benefit)	95	(7,836)
Unrealized foreign exchange loss (gain)	38,372	(54,907)
Income tax credit written-off	-	30,427
<b>Net change in non-cash operating working capital</b>		
Accounts receivable	3,853,180	(4,859,981)
Other current assets	(96,679)	95,817
Unbilled revenue	(576,918)	(138,246)
Accounts payable and accrued liabilities	(1,826,973)	4,258,183
Deferred revenue	17,642	91,310
Other current liabilities	559,531	196,830
<b>Cash provided by operating activities</b>	<b>\$ 3,268,370</b>	<b>319,202</b>
<b>Cash flow from investing activities</b>		
Purchase of office equipment	(1,417)	(8,610)
<b>Cash used in investing activities</b>	<b>\$ (1,417)</b>	<b>(8,610)</b>
Net foreign exchange difference on cash and cash equivalents	477	9,505
<b>Net increase in cash and cash equivalents</b>	<b>3,267,430</b>	<b>320,095</b>
Cash and cash equivalents, at beginning of the year	1,118,861	798,766
<b>Cash and cash equivalents, at end of the year</b>	<b>\$ 4,386,291</b>	<b>1,118,861</b>

(The accompanying notes are an integral part of these financial statements)

### For and on behalf of the Board

**Harsh Naidu**

Director  
Edison

**Tina Allan**

Director  
Mississauga

# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## Notes to financial statements

*(Amounts are in Canadian Dollars, unless otherwise stated)*

### 1. Description of business

Larsen & Toubro Infotech Canada Ltd. / Infotech Larsen & Toubro Canada LTEE (the "Company") is incorporated under the Canada Business Corporations Act (Ontario). The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., an Indian company ("Parent"). The Company is engaged in software consulting and development services.

### 2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP"). The financial statements are presented for the year April 01, 2018 to March 31, 2019 and for the year April 01, 2017 to March 31, 2018. All amounts are in Canadian dollars, unless otherwise stated.

### 3. Basis for measurement

The financial statements have been prepared on going concern and historical cost basis.

### 4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

### 5. Significant accounting policies

#### *a) Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, provision for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- i. Income taxes: Management uses estimates when determining current and future income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditures and investment tax credits.

#### *b) Foreign currency transactions*

Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

#### *c) Revenue recognition*

The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

- a) Services are provided to customers;
- b) There is clear evidence that an arrangement exists;
- c) Amounts are fixed or can be determined; and
- d) The ability to collect is reasonably assured.

# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## Notes to financial statements

*(Amounts are in Canadian Dollars, unless otherwise stated)*

The Company recognizes revenue for different revenue streams as follows:

- Time and material services: Revenue with respect to time-and-material contracts is recognized as related services are performed applying the contracted rates.
- Fixed price contracts: Revenue from fixed price contracts is recognized over the life of contract based on a percentage completion method. Percentage completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

Deferred revenue represents amounts collected or billed prior to satisfying the above revenue recognition criteria. Unbilled revenue represents amounts not billed to the customers but accrued because of satisfying the above revenue recognition criteria.

### **d) Provision for doubtful accounts**

The Company follows specific identification method for providing for doubtful accounts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the provision for doubtful accounts.

### **e) Financial instruments**

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest rate method.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The carrying value of cash and cash equivalent, accounts receivable and accounts payable equals or approximates the fair value.

### **f) Income taxes**

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

### **g) Investment tax credits**

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

### **h) Dividend**

Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

## FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

### Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

**i) Cash and cash equivalents**

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value.

**j) Computers, furniture and office equipment**

Computers, furniture and office equipment are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	20% declining balance method
Mobile phones	30% declining balance method
Computer equipment	30% declining balance method
Furniture and fixtures	20% declining balance method

The Company regularly reviews its capital assets to eliminate obsolete items.

**k) Impairment of long-lived assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. This assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether it is in use or under development. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss shall be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis. An impairment loss shall not be reversed if the fair value subsequently increases.

#### 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at	
	March 31, 2019	March 31, 2018
Cash at bank	4,386,291	568,305
Cash in transit*	-	550,556
<b>Total</b>	<b>\$ 4,386,291</b>	<b>1,118,861</b>

\*Cash in transit include customer remittances amounting to \$550,556 from two of the customers of the Company that were processed on or before March 31, 2018. These remittances were subsequently received on April 2, 2018 and April 6, 2018, respectively.

#### 7. ACCOUNTS RECEIVABLE, NET

Accounts receivable comprise of:

	As at	
	March 31, 2019	March 31, 2018
Related party accounts receivable	87,660	4,683,864
Trade accounts receivable	2,898,046	2,129,242
Less: Provision for doubtful accounts	(40,978)	-
<b>Total accounts receivable</b>	<b>\$ 2,944,728</b>	<b>6,813,106</b>



# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

The terms and conditions with related party accounts receivable are the same common terms provided to non-related parties. The provision for doubtful accounts as on March 31, 2019 is \$ 40,978 and \$ NIL as on March 31, 2018.

The activities in provision for doubtful debts account for year ended March 31, 2019 and March 31, 2018 are as given below-

	Year ended	
	March 31, 2019	March 31, 2018
Balance at beginning of the year	-	-
Add: Provision during the year	40,978	-
Less: Write off/ reversal during the year	-	-
<b>Balance at end of the year</b>	<b>\$ 40,978</b>	<b>-</b>

### 8. OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2019	March 31, 2018
Advance to employees	161,818	65,009
<b>Total</b>	<b>\$ 161,818</b>	<b>65,009</b>

### 9. COMPUTER, FURNITURE & EQUIPMENT

Particulars	Computer equipment	Equipment	Furniture & fixtures	Total
<b>As at March 31, 2018</b>				
Gross block as at April 1, 2017	21,823	2775	2,546	27,144
Add: Additions	7,590	1,020	-	8,610
Less: Accumulated depreciation	(21,761)	(2,136)	(2,300)	(26,197)
<b>Net block as at March 31, 2018</b>	<b>7,652</b>	<b>1,659</b>	<b>246</b>	<b>9,557</b>
<b>As at March 31, 2019</b>				
Gross block as at April 1, 2018	29,413	3,795	2,546	35,754
Add: Additions	1,417	-	-	1,417
Less: Accumulated depreciation	(24,587)	(2,610)	(2,349)	(29,546)
<b>Net block as at March 31, 2019</b>	<b>6,243</b>	<b>1,185</b>	<b>197</b>	<b>7,625</b>

Depreciation expense for the year ended March 31, 2019 amounted to \$ 3,349 (year ended March 31, 2018 \$1,368).

### 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise of:

	As at	
	March 31, 2019	March 31, 2018
Related party accounts payable	3,119,132	4,794,589
Other accounts payable	2,714	178,486
Accrued liabilities	461,163	372,317
<b>Total</b>	<b>\$ 3,583,009</b>	<b>5,345,392</b>

## FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

### Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

#### 11. OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2019	March 31, 2018
Provision for income tax, net of advance tax	189,422	66,154
Payable to government agencies	191,762	153,988
Others	865,536	467,080
<b>Total</b>	<b>\$ 1,246,720</b>	<b>687,222</b>

#### 12. SHARE CAPITAL

Share capital comprise of:

	As at	
	March 31, 2019	March 31, 2018
<b>Authorized:</b>		
Unlimited common shares	-	-
<b>Issued:</b>	100	100
100 common shares	<b>\$ 100</b>	<b>100</b>

#### 13. REVENUE

Major source of revenue includes:

	For the year ended	
	March 31, 2019	March 31, 2018
Software development and consulting service revenue	31,101,558	21,933,610
<b>Total</b>	<b>\$ 31,101,558</b>	<b>21,933,610</b>

#### 14. INCOME TAX

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
Statutory federal and provincial income tax rates	<b>26.50%</b>	<b>26.50%</b>
Expected taxes on income	455,071	254,731
<u>Increase (decrease) in income taxes resulting from:</u>		
Permanent differences	6,682	841
Others	(294)	(557)
<b>Provision for income taxes</b>	<b>\$ 461,459</b>	<b>255,015</b>
	As at	
	March 31, 2019	March 31, 2018
<b>Future income tax liabilities:</b>		
Capital assets	(743)	(648)
<b>Total</b>	<b>(743)</b>	<b>(648)</b>

# FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

## Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

### 15. EMPLOYEE FUTURE BENEFITS

The Company sponsors pension arrangements for substantially all its employees through defined contribution plans. The Company makes regular contributions to the employees' individual accounts, which are administered by a plan trustee, in accordance with the plan documents. The cost of this plan, which is expensed as incurred, amounted \$ 312,111 for the year ended March 31, 2019 [March 31, 2018 \$183,922].

### 16. RELATED PARTY TRANSACTIONS

#### A. Related parties:

- a. Larsen & Toubro Limited, India - Ultimate parent company
- b. Larsen & Toubro Infotech Limited, India - parent company
- c. Larsen & Toubro Infotech Limited, USA – branch of Larsen & Toubro Infotech Ltd., India
- d. L&T Infotech Financial Services Technologies Inc. - fellow subsidiary
- e. L&T Technology Services Ltd. - fellow subsidiary
- f. Larsen & Toubro Infotech Ltd., UK – branch of Larsen & Toubro Infotech Ltd., India
- g. Larsen & Toubro Infotech Ltd., Costa Rica – branch of Larsen & Toubro Infotech Ltd., India
- h. Larsen & Toubro Infotech Ltd., France – branch of Larsen & Toubro Infotech Ltd., India

#### B. Summary of transactions with related parties are as follows:

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Overheads charged by:</b>		
Larsen & Toubro Infotech Ltd., USA	\$ 285,228	527,513
L&T Infotech Financial Services Technologies Inc.	\$ 267,047	193,299
Larsen & Toubro Infotech Ltd., India	\$ -	32,037
Larsen & Toubro Infotech Ltd., France	\$ 94,567	-
Larsen & Toubro Infotech Ltd., UK	\$ 63,490	6,626
<b>Procurement of services recorded as expenses:</b>		
Larsen & Toubro Infotech Ltd., USA	\$ -	791,282
Larsen & Toubro Infotech Ltd., India	\$ 10,249,024	7,448,907
L&T Infotech Financial Services Technologies Inc	\$ 30,067	
<b>Sale of services</b>		
Larsen & Toubro Infotech Ltd., USA	\$ 13,836,814	6,009,702
L&T Infotech Financial Services Technologies Inc.	\$ 14,136	-
Larsen & Toubro Infotech Ltd., India	\$ 819,936	-
<b>Overheads charged to:</b>		
Larsen & Toubro Infotech Ltd., USA	\$ 57,301	6,632
L&T Infotech Financial Services Technologies Inc.	\$ 71,264	74,975

## FINANCIAL STATEMENTS

March 31, 2019 and March 31, 2018

### Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

		For the year ended	
		March 31, 2019	March 31, 2018
Larsen & Toubro Infotech Ltd., Costa Rica	\$	12,904	6,054
L&T Technology Services Ltd.	\$	5,859	-
Larsen & Toubro Infotech Ltd., India	\$	1,560	-

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following balances are due from / (due to) related parties and are non-interest bearing:

		As at	
		March 31, 2019	March 31, 2018
Larsen & Toubro Infotech Ltd., USA	\$	87,316	4,676,005
L&T Infotech Financial Services Technologies Inc.	\$	(77,614)	(113,178)
L&T Technology Services Ltd	\$	343	1,805
Larsen & Toubro Infotech Ltd, Costa Rica	\$	-	6,054
Larsen & Toubro Infotech Ltd, India	\$	(2,850,661)	(4,708,148)
Larsen & Toubro Infotech Ltd, UK	\$	(31,690)	(6,626)
Larsen & Toubro Infotech Ltd, France	\$	(94,566)	-
		<b>(2,966,872)</b>	<b>(144,088)</b>

#### 17. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

##### **Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

As at March 31, 2019, three customers accounted for 62% [March 31, 2018 - two customers accounted for 67%] of the accounts receivable.

##### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company's 57% revenues are denominated in U.S. dollars [March 31, 2018: 32%]. As at March 31, 2019, the accounts receivable denominated in U.S. dollars amounted to USD 1,008,503 [March 31, 2018 – USD 4,996,620]. The Company's cash and cash & cash equivalents denominated in U.S dollars amounted to USD 2,676,753 [March 31, 2018 – USD 131,529].

##### **Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company manages other price risk through asset allocation and/or maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

# FINANCIAL STATEMENTS

*March 31, 2019 and March 31, 2018*

## Notes to financial statements

*(Amounts are in Canadian Dollars, unless otherwise stated)*

### 18. ECONOMIC DEPENDENCE

During the year ended March 31, 2019, one of the Company's major customers provided 44% of total revenues (March 31, 2018: 45%).

### 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification has no impact on the reported net income and retained earnings.

### 20. SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2019 through April 23, 2019 the date the financial statements are issued. The Board of Directors at its meeting held on April 23, 2019, has declared final dividend of CAD 10,000 per common share (Face value CAD 1) for the financial year ended March 31, 2019. Based on the evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

## DIRECTORS' REPORT

Dear Member,

It's a pleasure in presenting the report and Audited Accounts for the year ended March 31, 2019.

### 1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2018-19	2017-18
	USD*	USD
Total Income	963,598	1,052,540
Total Expenditure	917,712	1,002,419
Operating Profit / (Loss)	45,886	50,121
Profit / (Loss) before Tax	45,886	50,121
Less : Tax	-	-
<b>Net Profit / (Loss) after Tax</b>	<b>45,886</b>	<b>50,121</b>
<b>Balance to be carried forward</b>	<b>45,886</b>	<b>50,121</b>

Note : \*United States Dollars.

### 2. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were USD 0.96 Mn.as against USD 1.05 Mn. for the previous financial year registering a decrease of 8.45%. The profit after tax from continuing operations including extraordinary and exceptional items of USD 0.05 Mn for the financial year under review as against USD 0.05 Mn for the previous financial year, registering a decrease of 8.45 %.

### 3. **DIVIDEND:**

In order to conserve the resources for future growth, no dividend is proposed for the FY19.

### 4. **REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

### 5. **DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there was no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 6. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

There was no change in the Board of Directors & Key Managerial Personnel during the FY 2018-19.

### 7. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

### 8. **AUDITORS:**

SGC & Associates LLP are the auditors of the Company for the F.Y 2018-19.

### 9. **DIRECTORS RESPONSIBILITY STATEMENT:**

The Sole Director of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

## **DIRECTORS' REPORT (Contd.)**

- c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Director has prepared the Annual Accounts on a going concern basis;
- e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### **10. ACKNOWLEDGEMENT:**

Your Director acknowledge the invaluable support extended by the Government authorities in USA and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Edison  
Date: April 12, 2019

**Harsh Naidu**  
Director

# INDEPENDENT AUDITOR'S REPORT

**SGC & Associates LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

63 Cuttermill Road

Great Neck, NY 11021  
Tel – (516)-504-0110  
Fax – (516)-706-0149

**To Larsen & Toubro Infotech LLC**

**Gentlemen:**

## ***Report on the Financial Statements***

We have audited the accompanying financial statements of Larsen & Toubro Infotech LLC, which comprise the balance sheet as of March 31, 2019, and the related statements of income, comprehensive income, and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

## ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Larsen & Toubro Infotech LLC as of March 31, 2019, and the results of its operations, members' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SGC & Associates LLP

Great Neck NY

April 12, 2019



**BALANCE SHEET AS OF MARCH 31, 2019**

(All amount in United States Dollar, unless otherwise stated)

**ASSETS****CURRENT ASSETS**

Cash and Cash equivalent	\$	444,049
Due from affiliates		108,073
<b>Total Current Assets</b>		<u>552,122</u>

**TOTAL ASSETS**\$ **552,122****LIABILITIES AND EQUITY****CURRENT LIABILITIES**

Accrued expenses & other current liabilities	\$	69,842
<b>Total Current Liabilities</b>		<u>69,842</u>

**TOTAL LIABILITIES**\$ **69,842****EQUITY**

Members Equity		482,280
<b>Total Equity</b>		<u>482,280</u>

**TOTAL LIABILITIES AND EQUITY**\$ **552,122***See Notes to Financial Statements.*

**STATEMENT OF INCOME, COMPREHENSIVE INCOME, AND CHANGES IN MEMBERS' EQUITY****YEAR ENDED MARCH 31, 2019**

(All amount in United States Dollar, unless otherwise stated)

**Sales**

Net Sales	\$	963,598
Total Operating Revenue		<u>963,598</u>
Operating Expenses		<u>904,132</u>
Total Operating Expenses		<u>904,132</u>
Operating income	\$	<u>59,466</u>
Other Income (expenses)		<u>(13,580)</u>
<b>Net Income</b>	\$	<b><u>45,886</u></b>
Comprehensive Income		45,886
Members equity, beginning of the year	\$	<u>436,394</u>
Members equity, end of the year	\$	<b><u>482,280</u></b>

*See Notes to Financial Statements.*

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

(All amount in United States Dollar, unless otherwise stated)

### Cash Flow from Operating Activities

<b>Net Income</b>	\$	45,886
Adjustment to reconcile change in net asset to net cash used by operating activities		
Decrease (increase) in Assets		
Due from affiliates		246,902
Increase (decrease) in Liabilities		
Accrued expenses and other current liabilities		(26,377)
<b>Net Cash flow from operating activities</b>		<u>266,411</u>
Cash flow from Investing activities		-
Cash flow from Financing activities		-
Net Change in Cash and Cash Equivalents		266,411
Cash and Cash Equivalents - beginning of the year		177,638
Cash and Cash Equivalents - end of the year	\$	<u><u>444,049</u></u>

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### NOTE 1 – BUSINESS DESCRIPTION

Larsen & Toubro Infotech LLC (“the Company”) is a limited liability company organized in the State of Delaware, United States of America. The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Limited, a public limited company incorporated, domiciled, and having its registered office in Mumbai, India. The Company was formed to take over the work and absorb the staff from a large client of its parent, Larsen & Toubro Infotech Limited. The client closed its information technology operations and transferred them to the Company. The Company’s headquarters are in Edison, New Jersey in the United States of America.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** – The accompanying financial statements of Larsen & Toubro Infotech LLC (“LTLL”) are prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles in the United States of America (“U.S. GAAP”). Revenue is recorded when earned and expenses are recorded when incurred. All amounts are stated in United States Dollars.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The important estimates made by LTLL in preparing these financial statements include provisions for compensated absences, and other contingencies. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**Cash and Cash Equivalents** – LTLL considers all cash which is used for current operations with a maturity of three months or less to be cash and cash equivalents. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

**Retirement Benefits** – Contributions to defined contribution plans are recognized as an expense in the statement of income, comprehensive income and changes in members’ equity in the period during which services are rendered by the employees.

**Compensated Absences** – Compensated absences are recognized in the period in which the employee renders the related service. The provision for compensated absences totaled \$74,954 at March 31, 2019. Such amount is included in “accrued expenses and other current liabilities” in the accompanying balance sheet at March 31, 2019.

**Revenue Recognition** – Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated rebates and other similar allowances.

Other items of income are accounted as and when the right to receive arises.

**Commitments and Contingencies** – Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**Income Taxes** – LTLL operates as a Limited Liability Company (LLC) under statutes of the Limited Liability Company Act of the State of Delaware. Under those statutes, the Company’s taxable income or loss is distributed to its members, who report their proportionate share of income or loss on their respective income tax returns.

LTLL is a single member LLC and Larsen & Toubro Infotech Limited is its sole member. A single member LLC is treated as a disregarded entity for income tax purposes, and all income and expenses of a single member LLC are reflected on the income tax returns of the sole member of the single member LLC. Therefore, all income and expenses of LTLL are reflected on the income tax returns of Larsen & Toubro Infotech Limited. Therefore, no provision for income taxes has been provided in the accompanying financial statements of LTLL.

**Fair Value of Financial Instruments** – At March 31, 2019, the carrying value of cash, other receivables, due from affiliates, accrued expenses and other current liabilities approximates fair value because of the short maturity of these items.

**Events Occurring After the Report Date** – LTLL has evaluated all events or transactions that occurred after the balance sheet date of March 31, 2019 through April 12, 2019, the date these financial statements were available to be issued. As of April 12, 2019, there were no adjusting or non-adjusting events that were required to be accrued or disclosed in the financial statements.

**Uncertainty in Income Taxes** – LTLL has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

### NOTE 3 – EMPLOYEE BENEFIT PLAN

LTLL has a 401(k)-retirement plan (the “Plan”) for the benefit of its employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a percentage of their annual compensation to the Plan on a pre-tax basis. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. At its discretion, the Company may match pre-tax employee contributions up to percentage of eligible earnings that are contributed by employees. During the year ended March 31, 2019, the Company contributed \$0 towards the Plan.

### NOTE 4 – CONCENTRATION OF CREDIT RISK

From time to time, LTLL has cash on deposit with financial institutions in excess of Federal Deposit Insurance Corporation (“FDIC”) limits.

### NOTE 5 – RELATED PARTY TRANSACTIONS

LTLL had transactions and balances in the ordinary course of business with the following related parties during the year ended and as of March 31, 2019:

No.	Name of the related party	Nature of relationship
1	Larsen & Toubro Infotech Limited	Parent
2	Larsen & Toubro Infotech Limited, U.S. Branch	U.S. Branch of the Parent

LTLL’s balances with the related parties amounted to the following at March 31, 2019:

No.	Name of the related party	Balance at March 31, 2019
1	Due from (to) Larsen & Toubro Infotech Limited	(\$327)
2	Due from (to) Larsen & Toubro Infotech Limited, U.S. Branch	\$108,400

### NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 12, 2019, the date these financial statements were available for issue. All subsequent events, requiring recognition or disclosure through this date, have been incorporated into these financial statements.

## SCHEDULE TO THE STATEMENT OF INCOME, COMPREHENSIVE INCOME, AND CHANGES IN MEMBERS’ EQUITY

### YEAR ENDED MARCH 31, 2019

(All amount in United States Dollar, unless otherwise stated)

#### OPERATING EXPENSES

Salaries	\$	795,615
Payroll Taxes		45,675
Employee Medical insurance		42,781
Travel		17,219
Other Taxes	\$	1,739
Employee Welfare		583
Telephone Expenses		520
<b>Total Operating expenses</b>	\$	<b>904,132</b>
<b>Other Income (expenses)</b>		
Foreign Exchange Gain (loss)	\$	(13,580)
<b>Total Other Income (Expenses)</b>	\$	<b>(13,580)</b>

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the report and Audited Accounts for the year ended March 31, 2019.

### 1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2018-19	2017-18
	CAD*	CAD*
Total Income	56,279,481	50,452,373
Total Expenditure	36,770,314	39,840,242
Operating Profit / (Loss)	19,509,167	10,612,131
Add: Interest Income	181,995	296,746
Less: Finance Costs	3,960	-
Profit / (Loss) before Tax	19,687,202	10,908,877
Less : Tax	5,368,278	3,224,200
Net Profit / (Loss) after Tax	14,318,924	7,684,677
Add: Balance b/f from previous year	2,029,808	7,345,131
Balance available for disposal which directors appropriate as follows:	16,348,732	15,029,808
Dividend	(6,000,000)	(8,000,000)
Premium on shares repurchased	-	(5,000,000)
Transfer to Reserves	-	-
<b>Balance to be carried forward</b>	<b>10,348,732</b>	<b>2,029,808</b>

Note : \*Canadian Dollars

### 2. **CAPITAL EXPENDITURE:**

As at March 31, 2019, the gross fixed and intangible assets including leased Assets, stood at CAD 112.37 Mn and the net fixed and intangible assets, including leased assets, at CAD 24.36 Mn. Capital Expenditure during the year amounted to CAD 3.28 Mn.

### 3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the particulars of the loans given, investments made or guarantees given or security provided in Note No. 12 of the financial statements.

### 4. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were CAD 56.28 Mn as against CAD 50.45 Mn for the previous financial year registering an increase of 12%. The profit before tax from continuing operations including extraordinary and exceptional items was CAD 19.69 Mn and the profit after tax from continuing operations including extraordinary and exceptional items of CAD 14.32 Mn for the financial year under review as against CAD 10.91 Mn and CAD 7.68 Mn respectively for the previous financial year, registering an increase of 80% and 86% respectively.

### 5. **DIVIDEND:**

The Directors recommend a final dividend of CAD 12 per equity share on the share capital for the year ended March 31, 2019.

### 6. **REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

### 7. **DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

## DIRECTORS' REPORT (Contd.)

**8. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

There was no change in the Board of Directors & Key Managerial Personnel happened during the FY 2018-19.

**9. FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

**10. AUDITORS:**

M/s KNAV Professional Corporation are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

**11. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**12. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board**

Date: April 23, 2019

**Harsh Naidu**  
Director  
Edison

**Tina Allan**  
Director  
Mississauga

## INDEPENDENT AUDITOR'S REPORT

To,

The Shareholders

L&T Infotech Financial Services Technologies Inc.

We have audited the accompanying financial statements of L&T Infotech Financial Services Technologies Inc. ("the Company") which comprise the balance sheets as at March 31, 2019 and March 31, 2018 and the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2019 and March 31, 2018 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Infotech Financial Services Technologies Inc. as at March 31, 2019 and March 31, 2018 and the results of its operations and its cash flows for the year ended March 31, 2019 and March 31, 2018 in accordance with Canadian accounting standards for private enterprises.

**KNAV Professional Corporation**

Chartered Professional Accountants

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario  
Date: April 23, 2019  
Place: Toronto



# FINANCIAL STATEMENTS

## BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	As at	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	9,453,437	2,903,057
Demand deposits with Bank	7	10,000,000	4,500,000
Accounts receivable	9	8,137,413	7,272,919
Unbilled revenue		-	22,133
Prepaid expenses	10	1,535,260	1,185,257
Related party loan	12	850,000	290,000
Other current assets	11	107,838	84,795
<b>Total current assets</b>		<b>\$ 30,083,948</b>	<b>16,258,161</b>
Restricted deposits	8	1,200,000	1,200,000
Other non-current assets	13	1,271,957	822,862
Computers	14	3,385,975	1,107,786
Furniture and office equipment	15	228,834	253,794
Software	16	10,259,558	14,973,337
Leasehold improvement	17	35,058	-
Customer relationship intangibles	18	3,624,250	5,695,250
Goodwill		6,822,971	6,822,971
<b>Total assets</b>		<b>\$ 56,912,551</b>	<b>47,134,161</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	19	3,028,241	2,001,911
Deferred revenue		12,301	183,336
Other current liabilities	20	4,992,312	3,195,923
<b>Total current liabilities</b>		<b>\$ 8,032,854</b>	<b>5,381,170</b>
Future tax liabilities	28	438,976	1,502,774
Other non-current liabilities	21	591,989	720,409
<b>Total liabilities</b>		<b>\$ 9,063,819</b>	<b>7,604,353</b>
<b>Shareholder's equity</b>			
Share capital	22	37,500,000	37,500,000
Retained earnings	23	10,348,732	2,029,808
<b>Total shareholder's equity</b>		<b>\$ 47,848,732</b>	<b>39,529,808</b>
<b>Total liabilities and shareholder's equity</b>		<b>\$ 56,912,551</b>	<b>47,134,161</b>

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu  
Director

Tina Allan  
Director

## STATEMENTS OF INCOME AND RETAINED EARNINGS

*(All amounts in Canadian Dollars, unless otherwise stated)*

	Notes	For the year ended	
		March 31, 2019	March 31, 2018
Revenue	25	56,279,481	50,415,775
Other income	26	181,302	333,344
<b>Total revenue</b>		<b>\$ 56,460,783</b>	<b>50,749,119</b>
Employee cost		12,099,949	13,048,299
Subcontracting expenses		5,990,864	5,661,528
Data centre lease rent		637,611	733,425
Software purchase annual license fee		1,510,280	1,455,220
Hardware purchase annual maintenance fee		753,876	456,327
Other direct cost		373,757	230,836
<b>Total direct expenses</b>		<b>\$ 21,366,337</b>	<b>21,585,635</b>
Sales and administration expenses		4,313,436	3,695,690
Premises rent		1,013,320	1,098,874
Professional charges		270,972	334,308
General repairs and maintenance		11,564	20,224
Travelling and conveyance		200,793	185,347
Telephone expenses		173,238	137,137
Auditor's remuneration		76,352	79,384
Foreign exchange loss		2,289	19,567
Miscellaneous expenses		67,983	168,908
<b>Total indirect costs</b>		<b>\$ 6,129,947</b>	<b>5,739,439</b>
Depreciation and amortization		9,277,297	12,515,168
<b>Income before tax</b>		<b>\$ 19,687,202</b>	<b>10,908,877</b>
Provision for income tax	28	6,432,076	5,234,336
Future income tax benefit	28	(1,063,798)	(2,010,136)
<b>Net income after taxes</b>		<b>14,318,924</b>	<b>7,684,677</b>
Retained earnings, beginning of the period		2,029,808	7,345,131
Dividend distribution	23	(6,000,000)	(8,000,000)
Premium on shares repurchased	23	-	(5,000,000)
<b>Retained earnings, end of the period</b>		<b>\$ 10,348,732</b>	<b>2,029,808</b>

*(The accompanying notes are an integral part of these financial statements)*

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu  
Director

Tina Allan  
Director

## Statements of cash flows

*[All amounts in Canadian Dollars, unless otherwise stated]*

	For the year ended	
	March 31, 2019	March 31, 2018
<b>Cash flow from operating activities</b>		
Net income after tax	<b>14,318,924</b>	<b>7,684,677</b>
<b>Adjustments for non-cash items</b>		
Depreciation and amortization	9,277,297	12,515,168
Future income taxes	(1,063,798)	(2,010,136)
Gain on disposal of assets	-	(36,598)
Unrealised exchange loss	2,289	6,835
Interest income	(181,320)	(302,715)
<b>Net change in non-cash operating working capital</b>		
Accounts receivable	(864,672)	(135,426)
Unbilled revenue	22,135	214,908
Prepaid expenses	(350,000)	(51,207)
Other current assets	11,380	185,780
Other non-current assets	(449,097)	150,577
Deferred revenue	(171,036)	183,336
Accounts payable	1,028,506	(324,966)
Other current liabilities	(493,340)	(904,998)
Non-current liabilities	(128,420)	(106,779)
<b>Net cash provided by operating activities</b>	<b>\$ 20,958,848</b>	<b>17,068,456</b>
<b>Cash flow from investing activities</b>		
Related party loan advanced	(690,000)	(555,000)
Repayment of related party loan advanced	130,000	265,000
Interest received	148,367	299,099
Investment in L&T Infotech S De RL DE CV	-	(2)
Proceeds from sale of computers	-	46,791
Purchases of computers	(662,212)	(388,797)
Purchases of furniture and office equipment	(49,223)	(155,533)
Capitalization of software	(1,741,663)	(2,119,068)
Leasehold improvement capitalized	(37,980)	-
Withdrawal (placement) of demand deposits with bank	(5,500,000)	24,500,000
<b>Net cash (used in) provided by investing activities</b>	<b>\$ (8,402,711)</b>	<b>21,892,490</b>
<b>Cash flow from financing activities</b>		
Dividend distribution	(5,100,000)	(6,800,000)
Withholding tax on dividend	(900,000)	(1,200,000)
Repurchase of shares	-	(29,250,000)
Withholding tax on shares repurchased	-	(750,000)
<b>Net cash used in financing activities</b>	<b>\$ (6,000,000)</b>	<b>(38,000,000)</b>
Net foreign exchange difference on cash and cash equivalents	(5,757)	(3,328)
<b>Net increase in cash and cash equivalents</b>	<b>6,550,380</b>	<b>957,618</b>
Cash and cash equivalents, at beginning of the year	2,903,057	1,945,439
<b>Cash and cash equivalents, at end of the year</b>	<b>\$ 9,453,437</b>	<b>2,903,057</b>
<b>Supplemental non-cash flow information:</b>		
Purchase of computer equipment under financing arrangement	2,289,729	-

*[The accompanying notes are an integral part of these financial statements]*

## Notes to Financial Statements

*(All amounts in Canadian Dollars, unless otherwise stated)*

### 1. Description of business

L&T Infotech Financial Services Technologies Inc. (the "Company" or "LTIFST") is incorporated under the Canada Business Corporations Act. The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., India ("Parent"). The Company commenced operations on January 1, 2011 with the acquisition of the information technology operations business of Citigroup Fund Services Canada Inc. ("Citi" or "CFSC") by the Company's Parent. LTIFST is a technology service provider who owns and develops variety of products and services used by the financial services marketplace in Canada.

### 2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP"). The financial statements are presented for the year April 01, 2018 to March 31, 2019 and for the year April 01, 2017 to March 31, 2018. All amounts are in Canadian dollars, unless otherwise stated.

### 3. Basis for measurement

The financial statements have been prepared on historical cost basis.

### 4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

### 5. Significant accounting policies

#### *Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, allowance for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- i. Estimated useful lives and valuation of intangible assets: Management estimates the useful lives of intangible assets based on the period during which the assets are expected to be available for use and also estimates their recoverability to assess if there has been an impairment. The amounts and timing of recorded expenses for amortization and impairments of intangible assets for any period are affected by these estimates. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, threats and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's intangible assets in the future.
- ii. Income taxes: Management uses estimates when determining current and future income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditure and investment tax credits.

#### *Foreign currency transactions*

Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the period-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

#### *Dividend*

Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

#### *Revenue recognition*

The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

- a) Services are provided to customers;

## Notes to Financial Statements (Contd.)

*(All amounts in Canadian Dollars, unless otherwise stated)*

- b) There is clear evidence that an arrangement exists;
- c) Amounts are fixed or can be determined; and
- d) The ability to collect is reasonably assured.

The Company recognizes revenues for different revenue streams as follows:

- Application Service Provider ("ASP") Service: Revenue is recognized by applying the contracted rates on the total number of active and inactive fund accounts across all client customer environments.
- Time and Material Service: Revenue with respect to time-and-material contracts is recognized as related services are performed applying the contracted rates.
- Development Service: Revenue from development service is recognised on accomplishment of milestone. Milestone is measured based upon the time and material efforts incurred to date. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Revenue recognised under this method is included in unbilled revenue if it is not invoiced by the year end.
- License Service: Revenue from sale of license is recognized rateably over the term of arrangement.

Deferred revenue on the accompanying balance sheet represents amounts collected or billed prior to satisfying the above revenue recognition criteria.

Unbilled revenue on the accompanying balance sheet represents amounts not billed to the customers but accrued because of satisfying the above revenue recognition criteria.

### *Provision for doubtful debts*

The Company follows specific identification method for providing for doubtful debts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the allowance for doubtful debts.

### *Financial instruments*

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest rate method.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The carrying value of cash and cash equivalent, accounts receivable and accounts payable equals or approximates the fair value.

### *Leases*

Lease payments under operating lease are recognized as an expense on a straight-line basis over the lease term in the statement of income. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

### *Income taxes*

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income

## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

### *Investment tax credit*

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

### *Cash and cash equivalents*

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value. Restricted cash deposits do not form part of cash and equivalents.

### *Computer, software, furniture, office equipment and leasehold improvements*

Computers, software, furniture, leasehold improvements and office equipment form part of capital assets and are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on the straight-line method over the following estimated useful lives:

<b>Class of asset</b>	<b>Useful life</b>
Computers	3 to 5 years
Acquired software	10 years
Internally developed software	1 to 5 years
Furniture	5 years
Office equipment	5 years
Leasehold improvements	Over the period of lease term

Leasehold improvements are amortized in a similar manner to other property and equipment. The Company amortizes leasehold improvements over the remaining term of the lease.

Any gain or loss on disposal of an item of property and equipment is recognized in profit and loss. Certain costs are capitalized for the development or enhancement of computer software used internally to process customer transactions. Routine software maintenance and customer support costs are expensed when incurred.

### *Customer relationship intangibles*

Customer relationship intangibles, which are comprised of customer contracts and relationships acquired, are stated net of amortization. Customer relationship intangibles are amortized on a straight-line basis over their estimated useful lives of ten years.

### *Impairment of long-lived assets*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. This assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether it is in use or under development. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss shall be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis. An impairment loss shall not be reversed if the fair value subsequently increases.

### *Goodwill*

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not amortized but is instead tested for impairment if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognized, up to a maximum amount of the recorded goodwill related to the reporting unit. Goodwill impairment losses are not reversed.

## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

### Investments

The Company has elected to account for its investment of 1% in L&T Infotech S De RL DE CV ("LTIL Mexico") using the cost method. Accordingly, investment is recorded at original cost unless there is a permanent impairment in value, in which case the investment will be written down to fair value. Investment in LTIL Mexico amounting to CAD 2 has been presented under 'other non-current assets' in the balance sheet.

### 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at	
	March 31, 2019	March 31, 2018
Balances with bank		
In current account	2,853,437	2,903,057
In deposit account	6,600,000	-
<b>Total</b>	<b>9,453,437</b>	<b>2,903,057</b>

### 7. DEMAND DEPOSIT WITH BANK

Demand deposits with bank comprise following:

	As at	
	March 31, 2019	March 31, 2018
<b><u>Demand deposits with Bank</u></b>		
Current	10,000,000	4,500,000
<b>Total</b>	<b>10,000,000</b>	<b>4,500,000</b>

Current demand deposits are demand deposits with the bank maturing within twelve months. Following is the schedule depicting the issue date, original principal, rate of interest on deposit, the currency in which the deposits are denominated and the maturity date of the total current demand deposits as on March 31, 2019.

Sr. no.	Issue date	Original principal	Currency	Maturity date
1.	Nov 19, 2018	1,000,000	CAD	May 17, 2019
2.	Nov 29, 2018	1,000,000	CAD	May 29, 2019
3.	Nov 29, 2018	500,000	CAD	Dec 30, 2019
4.	Dec 17, 2018	600,000	CAD	June 17, 2019
5.	Dec 21, 2018	1,300,000	CAD	June 19, 2019
6.	Jan 14, 2019	1,500,000	CAD	July 15, 2019
7.	Jan 22, 2019	1,500,000	CAD	July 22, 2019
8.	March 15, 2019	1,100,000	CAD	Sept 12, 2019
9.	March 12, 2019	1,500,000	CAD	Sept 12, 2019
<b>Total</b>		<b>10,000,000</b>		

The carrying amount of the demand deposits represent the fair value as on March 31, 2019.

### 8. RESTRICTED DEPOSIT

The Company's restricted deposits include the following:

	As at	
	March 31, 2019	March 31, 2018
Fixed deposit with an escrow deposit account	1,200,000	1,200,000
<b>Total</b>	<b>1,200,000</b>	<b>1,200,000</b>

## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

This long-term deposit has been created as a part of an agreement with a customer along with an escrow agent. As per the services agreement with the customer, the deposit may be withdrawn to satisfy any shortfall in the Company's obligation to pay damages in accordance with the provisions of the agreement. This fund can only be drawn upon mutual agreement and subject to terms and conditions of the escrow agreement. Funds will be in the escrow account until the end of client's contract i.e. February 15, 2021 with options for renewals. As on March 31, 2019 and March 31, 2018, the funds were not invested and lying as cash in an interest-bearing deposit account.

### 9. ACCOUNT RECEIVABLE

	Year ended	
	March 31, 2019	March 31, 2018
Trade receivables		
Due from related parties	78,521	114,983
Due from Others	8,058,892	7,157,936
<b>Total</b>	<b>8,137,413</b>	<b>7,272,919</b>

The provision for doubtful accounts was \$Nil and \$Nil as at March 31, 2019 and March 31, 2018, respectively.

### 10. PREPAID EXPENSES

	As at	
	March 31, 2019	March 31, 2018
<u>Prepaid expenses, current</u>	1,535,260	1,185,257
<b>Total</b>	<b>1,535,260</b>	<b>1,185,257</b>

The Company pays hardware maintenance fees and software license fees in advance for which services are availed over 2-5 years based on the contracts. These expenses are amortized on a straight-line basis over their economic life. Prepaid expenses for which maintenance services will be availed after March 31, 2020 till end of their economic life are treated as non-current assets.

### 11. OTHER CURRENT ASSETS

	As at	
	March 31, 2019	March 31, 2018
Deposits	8,680	12,158
Interest accrued on bank deposits	61,118	49,794
Other assets	12,766	19,198
Interest recoverable from LTIL Mexico	25,274	3,645
<b>Total</b>	<b>107,838</b>	<b>84,795</b>

### 12. RELATED PARTY LOAN

The Company has entered into an agreement with LTIL Mexico for providing loan facility. The loan is repayable within 3 years from the date of first withdrawal of the loan facility. Maximum principal outstanding as on any date can be \$ 1,200,000 as per the agreement.

During the year ended March 31, 2019, the Company advanced additional loan to, LTIL Mexico, amounting to \$ 690,000 for financing working capital needs. In the current year, \$ 130,000 was repaid by LTIL Mexico.

	As at	
	March 31, 2019	March 31, 2018
Opening principal outstanding	290,000	-
Loan advanced to LTIL Mexico	690,000	555,000
Less: repayment during the year	(130,000)	(265,000)
<b>Total</b>	<b>850,000</b>	<b>290,000</b>

Interest income in the current year, on loan advanced amounted to \$ 27,452 (March 2018 - \$ 8,507) and interest outstanding as on March 31, 2019 amounted to \$ 25,274 (March 2018 - \$ 3,645).



## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

### 13. OTHER NON-CURRENT ASSETS

	As at	
	March 31, 2019	March 31, 2018
Prepaid expenses, non-current	1,245,195	796,100
Deposits, others	26,760	26,760
Investment in LTIL Mexico	2	2
<b>Total</b>	<b>1,271,957</b>	<b>822,862</b>

The Company invested in LTIL Mexico on July 20, 2017 an amount of \$ 2.12 (representing 1 % of total share capital).

### 14. COMPUTERS

	As at	
	March 31, 2019	March 31, 2018
Cost	11,169,378	8,185,143
Less: Accumulated depreciation	(7,783,403)	(7,077,357)
<b>Total</b>	<b>3,385,975</b>	<b>1,107,786</b>

Depreciation expense for the year ended March 31, 2019 amounted to \$ 706,046 (March 31, 2018 - \$ 928,807).

During the year ended March 31, 2018, the Company sold computer hardware having net book value of \$ 10,193 for \$ 46,791. The gain on disposal of the asset amounting to \$ 36,598 is recorded in the statement of income as other income. There was no sale of computers in the year ended March 31, 2019.

### 15. FURNITURE AND OFFICE EQUIPMENT

	As at	
	March 31, 2019	March 31, 2018
Cost	1,149,239	1,100,018
Less: Accumulated depreciation	(920,405)	(846,224)
<b>Total</b>	<b>228,834</b>	<b>253,794</b>

Depreciation expense for the year ended March 31, 2019 amounted to \$ 74,143 (March 31, 2018 - \$ 174,372).

### 16. SOFTWARE

	As at	
	March 31, 2019	March 31, 2018
Cost	72,480,416	70,771,047
Less: Accumulated amortization	(62,220,858)	(55,797,710)
<b>Total</b>	<b>10,259,558</b>	<b>14,973,337</b>

Amortization expense for the year ended March 31, 2019 amounted to \$ 6,423,148 (March 31, 2018 - \$ 9,340,990).

### 17. LEASEHOLD IMPROVEMENT

	As at	
	March 31, 2019	March 31, 2018
Cost	37,980	-
Less: accumulated depreciation	(2,922)	-
<b>Total</b>	<b>35,058</b>	<b>-</b>

Depreciation expense for the year ended March 31, 2019 amounted to \$ 2,922

## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

### 18. CUSTOMER RELATIONSHIP INTANGIBLES

	As at	
	March 31, 2019	March 31, 2018
Cost	20,710,000	20,710,000
Less: accumulated amortization	(17,085,750)	(15,014,750)
<b>Total</b>	<b>3,624,250</b>	<b>5,695,250</b>

Amortization expense for the year ended March 31, 2019 amounted to \$ 2,071,000 (March 31, 2018 - \$ 2,071,000).

### 19. ACCOUNT PAYABLE

	As at	
	March 31, 2019	March 31, 2018
Accounts payables		
Due to related parties	2,360,539	1,173,290
Due to others	2,834	27,938
Accrued expenses	664,868	800,683
<b>Total</b>	<b>3,028,241</b>	<b>2,001,911</b>

### 20. OTHER NON-CURRENT LIABILITIES

	As at	
	March 31, 2019	March 31, 2018
Provision for Income tax, net of advance taxes	611,930	1,467,332
Sales tax payable	549,414	447,362
Provision for employee benefits	1,293,246	1,080,179
Asset purchase obligation	2,289,729	-
Other liabilities	247,993	201,050
<b>Total</b>	<b>4,992,312</b>	<b>3,195,923</b>

\*During the year ended March 31, 2019, the Company purchased computer equipment under a short-term finance arrangement. As per the terms of the agreement, the Company is required to make equal monthly instalments beginning April 2019 towards the obligation, that will expire by December 2019.

### 21. OTHER NON-CURRENT LIABILITIES

	As at	
	March 31, 2019	March 31, 2018
Lease equalisation reserve	591,989	720,409
<b>Total</b>	<b>591,989</b>	<b>720,409</b>

## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

### 22. SHARE CAPITAL

	As at	
	March 31, 2019	March 31, 2018
<b>Authorization</b>		
Unlimited common shares		
Issued: 1,000,000 common shares issued at \$ 62.5	37,500,000	62,500,000
Less: 400,000 common shares of \$ 62.5 extinguished pursuant to repurchase of shares	-	(25,000,000)
<b>Total</b>	<b>37,500,000</b>	<b>37,500,000</b>

On March 07, 2018, the Board of Directors approved buyback proposal for repurchase of 40% of total equity capital representing 400,000 shares having par value of CAD 62.5 each from the shareholder of the Company (Larsen & Toubro Infotech Ltd., India) for aggregate amount not exceeding CAD 30,000,000 in accordance with the provision 34(2) of Canada Business Corporations Act and By-Law No.1-A of the Corporation.

The Company bought back 400,000 common shares at fair valuation of CAD 75 per share and paid \$ 30,000,000 in cash. These shares were cancelled post buyback and were not included in treasury stock. Pursuant to buy back, share capital of the Company reduced by \$ 25,000,000 and retained earnings by \$ 5,000,000. The Company has deducted and deposited to the government, the applicable withholding taxes on shares repurchased amounting to \$ 750,000.

### 23. RETAINED EARNINGS

	As at	
	March 31, 2019	March 31, 2018
Retained earnings, beginning of the year	2,029,808	7,345,130
Add: Profit earned during the year	14,318,924	7,684,678
Less: Dividend distributed during the year	(6,000,000)	(8,000,000)
Less: Premium on buy back of shares (Refer Note 22)	-	(5,000,000)
<b>Total</b>	<b>10,348,732</b>	<b>2,029,808</b>

During the year ended March 31, 2019, interim dividend was paid to parent company of \$ 6,000,000 (March 31, 2018: \$ 8,000,000). Withholding tax thereon amounting to \$ 900,000 (March 31, 2018: \$ 1,200,000) was deposited to government within due dates prescribed by the CRA.

### 24. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

#### Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

Cash equivalents consist mainly of short-term investments, such as bank deposits. No asset-backed commercial paper products were held. The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

The Company's accounts receivable is from customers engaged in the fund management sector. As at March 31, 2019, top five customers accounted for 73% [March 31, 2018 – top five customers accounted for 86%] of the accounts receivable.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain of the Company's purchases are denominated in U.S. dollars. As at March 31, 2019, the accounts payable and accrued liabilities denominated in U.S. dollars amounted to USD \$ 251,091 [March 31, 2018 – USD \$ 92,889]



## Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities were as follows:

	As at	
	March 31, 2019	March 31, 2018
<b>Future income tax assets</b>		
Accounts payable and accrued liabilities	7,262	7,257
Deferred rent	191,978	219,240
Customer relationship intangible	557,066	404,440
<b>Total</b>	<b>756,306</b>	<b>630,937</b>
<b>Future income tax liabilities</b>		
Computers and software	1,195,282	2,133,711
<b>Total</b>	<b>1,195,282</b>	<b>2,133,711</b>
<b>Net future tax liabilities</b>	<b>438,976</b>	<b>1,502,774</b>

### 29. COMMITMENTS AND CONTINGENCIES

The Company has operating leases for its premises for Matheson Office. The annual minimum payments under the operating leases is as follows:

	Amount
March 31, 2020	1,260,927
March 31, 2021	1,288,258
March 31, 2022	1,335,111
Thereafter	1,354,035

### 30. RELATED PARTY TRANSACTIONS

#### A. Related parties:

- a. Larsen & Toubro Infotech Ltd., India - parent company
- b. Larsen & Toubro Infotech Ltd., UK - branch of Larsen & Toubro Infotech Ltd., India
- c. Larsen & Toubro Infotech Ltd., USA - branch of Larsen & Toubro Infotech Ltd., India
- d. Larsen & Toubro Infotech Canada Limited - fellow subsidiary
- e. L&T Technology Services Limited - fellow subsidiary
- f. L&T Infotech S De RL DE CV ("LTIL Mexico") - fellow subsidiary

#### B. Summary of transactions with related parties are as follows:

		Year ended	
		March 31, 2019	March 31, 2018
<b>Expenses reimbursed by:</b>			
Larsen & Toubro Infotech Canada Limited	\$	267,047	193,299
Larsen & Toubro Infotech Ltd., India	\$	895	4,745
L&T Technology Services Limited	\$	9,734	7,165
Larsen & Toubro Infotech Limited., USA	\$	1,020	19,251
Larsen & Toubro Infotech Ltd., UK	\$	6,662	-

**Notes to Financial Statements (Contd.)***(All amounts in Canadian Dollars, unless otherwise stated)*

	<b>Year ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>Expenses reimbursed to:</b>		
Larsen & Toubro Infotech Canada Limited.	\$ 71,264	74,975
Larsen & Toubro Infotech Limited., India	\$ -	171
Larsen & Toubro Infotech Limited., USA	\$ 38,806	35,586
Larsen & Toubro Infotech Ltd., UK	\$ 92,802	15,462
<b>Procurement of goods/services</b>		
Larsen & Toubro Infotech Canada Limited	\$ 14,136	-
Larsen & Toubro Infotech Limited., India	\$ 5,790,241	6,026,405
Larsen & Toubro Infotech Limited., USA	\$ 232,771	148,692
<b>Investments</b>		
LTIL Mexico	\$ -	2
<b>Related party loan advanced</b>		
LTIL Mexico	\$ 690,000	555,000
Advance to LTIL Mexico	\$ -	198
<b>Related party loan repaid</b>		
LTIL Mexico	\$ 130,000	265,000
<b>Interest income</b>		
LTIL Mexico	\$ 27,452	8,507
<b>Buy back of common shares</b>		
Larsen & Toubro Infotech Limited, India	\$ -	30,000,000
<b>Dividend distributed</b>		
Larsen & Toubro Infotech Limited, India	\$ 6,000,000	8,000,000
<b>Consulting services rendered to</b>		
Larsen & Toubro Infotech Limited, USA	\$ -	46,070
Larsen & Toubro Infotech Canada Limited	\$ 30,068	-

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## Notes to Financial Statements (Contd.)

*(All amounts in Canadian Dollars, unless otherwise stated)*

The following balances are due to (due from) related parties and are non-interest bearing:

	As at	
	March 31, 2019	March 31, 2018
Larsen & Toubro Infotech Limited, USA	242,658	127,951
Larsen & Toubro Infotech Canada Limited	(77,615)	(113,178)
Larsen & Toubro Infotech Limited, India	2,016,279	968,319
L&T Technology Services Limited	(907)	(1,805)
Larsen & Toubro Infotech Limited, UK	101,602	15,462
LTIL Mexico	(875,274)	(293,843)

**Parent guarantee:** Larsen & Toubro Infotech Ltd., India (Parent) has provided guarantee to one of the customers of the Company. The obligation of Larsen & Toubro Infotech Limited, India is limited in aggregate to the amount of \$ 70,000,000.

### 31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period. The reclassification has no impact on the reported net income and retained earnings.

### 32. SUBSEQUENT EVENT

The Company evaluated all events and transactions that occurred after March 31, 2019 through April 23, 2019; the date the financial statements are issued. The Board of Directors at its meeting held on April 23, 2019, has declared final dividend of CAD 12 per common share for the financial year ended March 31, 2019.

## General Information

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Providing IT & outsourcing support & all other related IT services to the customers in South Africa.
<b>Directors</b>	Mr. Ravindra Pravin Desai Ms. Premilla Pillay Mr. Satyakanta Samal Mr. Sudhir Chaturvedi
<b>Registered office</b>	First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank Johannesburg, Gauteng. 2196
<b>External auditors</b>	Levitt Kirson Chartered Accountants (SA) Registered Auditors
<b>Registration number</b>	2011/007226/07
<b>Bankers</b>	ABSA State Bank of India

### Compliance statement by the corporate secretary

The Secretarial Agent, Kilgetty Statutory Services (Pty) Ltd certifies that, according to company records, the Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of the Companies Act 2008 and that all such returns are true, correct and up to date in respect of the reporting period ended 31 March 2019.

### Financial Statements

The financial statements were externally prepared by Levitt Kirson Business Services (Pty) Ltd.



# INDEPENDENT AUDITOR'S REPORT

To the management of Larsen and Toubro Infotech South Africa (Pty) Ltd

## Opinion

We have audited the annual financial statements of Larsen and Toubro Infotech (Pty) Ltd set out on pages 7 to 18, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Larsen and Toubro Infotech (Pty) Ltd as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the annual 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**Levitt Kirson**

**A S Lewis**

Chartered Accountant (SA)

Registered Auditor

Johannesburg

26 April 2019

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa, 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of Larsen & Toubro Infotech South Africa (Pty) Ltd as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment.

To enable these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year ended 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is enclosed herewith.

The annual financial statements which have been prepared on the going concern basis, were approved by the directors on 26 April 2019 and were signed on its behalf by:

for Larsen and Toubro Infotech South Africa Pty. Ltd.

**Sudhir Chaturvedi**

Director

Date: April 26, 2019  
Place: Mumbai

## Directors Report

The directors submit their report for the period ended 31 March 2019.

### 1 Incorporation

The company was incorporated on 5th April 2011 and obtained its certificate to commence business on the same day. 2012 was the first year of operation for the company, with operations beginning on 1st December 2012.

### 2 Review of activities

The company is engaged in providing IT & outsourcing support & all other related IT services to the customers in South Africa.

### 3 Events after the reporting period

There were no significant events that occurred in the Company since the end of the financial year to the date of this report.

### 4 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of its related companies and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

### 5 Authorised and issued share capital

The company issued no new shares during the period under review, with total issued Share Capital of 443,725 shares.

There are 6275 unissued authorised shares.

### 6 Dividends

In order to conserve the resources for future growth, no dividends is recommended for the FY19.

### 7 Directors

The following persons served as directors during the period under review and to the date of issue of the financial statements:

Mr. Ravindra Pravin Desai	Appointed on the 20th of March 2013
Mr. Sudhir Chaturvedi	Appointed on the 14th of September 2016
Mr. Rajeev Gupta	Resigned on the 12th of October 2018
Ms. Premilla Pillay	Appointed on the 16th of October 2017
Mr. Satyakanta Samal	Appointed on the 14th of November 2018

### 8 External auditor

Levitt Kirson will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

for Larsen and Toubro Infotech South Africa Pty. Ltd.

**Sudhir Chaturvedi**

Director

Date: April 26, 2019  
Place: Mumbai

## Statement of Financial Position At 31 March 2019

	Notes	2019 R	2018 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Deferred taxation	2	994,318	221,639
		<u>994,318</u>	<u>221,639</u>
<b>Current Assets</b>			
Cash and cash equivalents	3	21,152,017	17,526,188
Trade and other receivables	4	18,363,702	19,139,832
Current tax receivable		1,437,580	800,590
		<u>40,953,299</u>	<u>37,466,610</u>
<b>Total Assets</b>		<b><u>41,947,616</u></b>	<b><u>37,688,249</u></b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	4	443,725	443,725
Accumulated profit		6,700,500	8,817,390
<b>Total Equity</b>		<b><u>7,144,225</u></b>	<b><u>9,261,115</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	34,803,391	28,427,134
Current tax payable		-	-
<b>Total Liabilities</b>		<b><u>34,803,391</u></b>	<b><u>28,427,134</u></b>
<b>Total Equity and Liabilities</b>		<b><u>41,947,616</u></b>	<b><u>37,688,249</u></b>

## Statement of Comprehensive Income

	Notes	2019 R	2018 R
Revenue	7	50,319,687	56,142,307
Cost of sales		(43,231,848)	(46,187,559)
<b>Gross profit</b>		<b>7,087,840</b>	<b>9,954,748</b>
Other income		127,445	-
Interest received	8	921,257	304,092
Operating expenses		(11,026,107)	(5,239,839)
<b>Operating (loss) / profit</b>		<b>(2,889,565)</b>	<b>5,019,001</b>
Finance costs		-	-
<b>(Loss) / Profit before taxation</b>		<b>(2,889,565)</b>	<b>5,019,001</b>
Taxation	9	772,678	(1,522,584)
<b>Profit for the year</b>		<b>(2,116,887)</b>	<b>3,496,417</b>

## Statement of changes in equity

	Accumulated profit R	Stated capital capital R	Total equity R
<b>Balance at 01 April 2017</b>	<b>5,320,973</b>	<b>443,725</b>	<b>5,764,698</b>
Profit for the year	3,496,417	-	3,496,417
<b>Balance at 31 March 2018</b>	<b>8,817,390</b>	<b>443,725</b>	<b>9,261,115</b>
Loss for the year	2,116,887	-	2,116,887
<b>Balance at 31 March 2019</b>	<b>10,934,277</b>	<b>443,725</b>	<b>11,378,002</b>

## Statement of Cash Flows

	<b>Notes</b>	<b>2019</b> <b>R</b>	<b>2018</b> <b>R</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	10	3,325,337	11,975,584
Interest received	8	921,257	304,092
Income taxes paid	11	(636,990)	(3,156,170)
<b>Net cash from operating activities</b>		<b>3,609,605</b>	<b>9,123,506</b>
<b>Total cash movement for the year</b>		<b>3,609,605</b>	<b>9,123,506</b>
Cash at the beginning of the year		17,526,188	8,214,131
<b>Total cash at end of the year</b>	<b>3</b>	<b>21,152,017</b>	<b>17,337,637</b>

## Accounting Policies

### 1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for those assets and liabilities stated at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

#### 1.2 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when Larsen and Toubro Infotech South Africa (Pty) Ltd becomes a party to the contractual provisions of the instruments.

Larsen and Toubro Infotech South Africa (Pty) Ltd classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

##### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other payables are classified according to the substance of the contractual arrangements entered into.

#### 1.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

#### 1.4 Income Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income.

##### Current tax

Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous reporting periods.

##### Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for the financial reporting purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to



## Accounting Policies (Contd.)

offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 1.5 Provisions and contingencies

Provisions are recognised when:

- \* Larsen and Toubro Infotech South Africa (Pty) Ltd has a present obligation as a result of a past event;
- \* it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- \* a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 1.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

### 1.7 Adoption of New and Revised Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the 31st March 2019 and have not been applied in preparing these financial statements:

*IFRS 16	Leases	1 January 2019
*IAS 1	Presentation of financial statements	1 January 2020
*IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020

The directors anticipate that all of the above Standards and Interpretations will be adopted in the financial statements of the period in which they become effective and that their adoption will have no material impact on the financial statements in the period of initial application.

### 1.8 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Management has not made any judgements or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Notes to the Annual Financial Statements

2. Deferred tax	2019	2018
	R	R
Provision for doubtful debt	566,463	15,322
Provision for expenses	295,327	113,530
Provision for leave pay	101,619	105,108
Prepayments	(13,440)	(12,320)
Tax losses available for set off against future taxable income	44,349	-
	<b>994,318</b>	<b>221,640</b>
<b>Reconciliation of deferred tax asset</b>		
At the beginning of the year	221,640	229,161
Deductible temporary difference movement on provision for doubtful debt	551,141	15,322
Taxable temporary difference movement on provision for employee costs	-	(129,341)
Deductible temporary difference movement on provision for expenses	181,798	13,710
(Taxable) deductible temporary difference movement on provision for leave pay	(3,489)	105,108
Taxable temporary difference movement on prepayments	(1,120)	(12,320)
Increase in tax loss available for set off against future taxable income	44,349	-
	<b>994,318</b>	<b>221,640</b>
<b>3. Cash and cash equivalents</b>		
	2019	2018
	R	R
<b>Cash and cash equivalents consist of:</b>		
Current accounts	11,600,612	9,324,894
Call accounts	9,551,404	8,201,294
	<b>21,152,017</b>	<b>17,526,188</b>
<b>4. Trade and other receivables</b>		
	2019	2018
	R	R
<b>Financial instruments:</b>		
Trade receivables	19,267,195	14,488,141
Provision for doubtful debt	(2,697,443)	(72,960)
Deposits	61,500	-
Other receivables	1,684,451	4,293,638
<b>Non-financial instruments:</b>		
Value-added taxation	-	387,014
Prepayments	48,000	44,000
Total trade and other receivables	<b>18,363,702</b>	<b>19,139,833</b>

### Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

## Notes to the Annual Financial Statements (Contd.)

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. The exposure to credit risk and the creditworthiness of customers is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

The loss allowance provision is determined as follows:

	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 14,93% (2018: 52,24%)	2,876,259	-	3,619,726	
Less than 60 days past due: 4,87% (2018: 25,68%)	937,422	-	4,501,745	
61 - 90 days past due: 60,91% (2018: 1,14%)	11,739,202	-	104,536	
91 - 180 days past due: 1,44% (2018: 3,73%)	278,313	-	2,264,170	
181 - 1 year past due: 3,86% (2018: 8,74%)	744,042	-	2,232,076	
More than 1 year past due: 13,99% (2018: 8,47%)	2,697,443	(2,697,443)	1,765,887	
<b>Total</b>	<b>19,272,680</b>	<b>(2,697,443)</b>	<b>14,488,140</b>	<b>-</b>

<b>5. Stated capital</b>	<b>2019</b>	<b>2018</b>
	<b>Shares</b>	<b>Shares</b>
<b>Authorised</b>		
450 000 Ordinary shares at no par value		
<b>Issued</b>		
443 725 Ordinary shares at no par value	443,725	443,725
<b>6. Trade and other payables</b>	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>Financial instruments:</b>		
Trade payables	32,604,339	27,323,025
Accruals	1,938,954	1,104,109
<b>Non-financial instruments:</b>		
Value-added taxation	260,098	-
<b>Total trade and other payables</b>	<b>34,803,391</b>	<b>28,427,134</b>
<b>7. Revenue</b>	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>Revenue from contracts with customers</b>		
Rendering of services	50,319,687	56,142,307

## Notes to the Annual Financial Statements (Contd.)

	2019	2018
	R	R
<b>8. Interest received</b>		
Bank	921,257	303,540
Other	-	552
	<b>921,257</b>	<b>304,092</b>
<b>9. Taxation</b>		
<b>Major components of the tax expense</b>		
	2019	2018
	R	R
<b>SA normal tax</b>		
SA Normal tax		
Current year	-	1,478,439
Prior year underprovision	-	36,624
Deferred tax	(772,678)	7,521
	<b>(772,678)</b>	<b>1,522,584</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between applicable tax rate and average effective tax rate.		
Accounting (loss) / profit	(2,889,565)	5,019,001
Tax at the applicable tax rate of 28% (2018: 28%)	(809,078)	1,405,320
<b>Tax effects of adjustments on taxable income</b>		
Prior year underprovision	-	36,624
Non-deductible donations	36,400	80,640
	<b>(772,678)</b>	<b>1,522,584</b>
	2019	2018
	R	R
<b>10. Cash used in operations</b>		
(Loss) / profit before taxation	(2,889,565)	5,019,001
<b>Adjustments for:</b>		
Interest received	(921,257)	(304,092)
<b>Changes in working capital:</b>		
Trade and other receivables	759,902	(4,454,208)
Trade and other payables	6,376,257	11,714,884
	<b>3,325,337</b>	<b>11,975,585</b>
<b>11. Tax paid</b>		
	2019	2018
	R	R
Opening balance	800,590-	(651,966)
Tax charge	-	(1,703,614)
Closing balance	(1,437,580)	(800,590)
Tax paid	<b>(636,990)</b>	<b>(3,156,170)</b>

## Notes to the Annual Financial Statements (Contd.)

### 12. Related party transactions

#### 12.1 Identity of related parties

Larsen and Toubro Infotech South Africa (Pty) Ltd is a joint venture between Larsen & Toubro Infotech Limited and Befula Investments (Pty) Ltd in ration of 74.9% : 25.1%, respectively.

Larsen and Toubro Infotech Limited is a South African branch of Larsen and Toubro Infotech Limited.

Larsen and Toubro Infotech South Africa (Pty) Ltd and Larsen & Toubro Infotech Limited (Branch) are related parties in South Africa.

#### 12.2 Balances payable to /receivable from related parties

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Inter-group receivables	-	-
Inter-group payables	(32,389,144)	(26,767,582)
	<b>(32,389,144)</b>	<b>(26,767,582)</b>

Inter-group receivable, relates to sales made by Larsen and Toubro Infotech South Africa (Pty) Ltd to Larsen & Toubro Infotech Limited (Branch).

Inter-group payable, relates to expenses to be paid by Larsen and Toubro Infotech South Africa (Pty) Ltd to Larsen & Toubro Infotech Limited (Branch) and Larsen and Toubro Infotech Limited (India).

#### 12.3 Transactions with related parties

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Inter-group marketing cost (Larsen & Toubro Infotech Ltd (Branch))	(8,019,253)	(4,561,868)
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (Branch))	(3,122,060)	(20,032,306)
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (India))	(4,343,812)	(7,546,212)
Inter-group marketing cost(Larsen & Toubro Infotech Ltd (India))	(2,182,998)	(4,962,780)
Inter-group commission (Larsen & Toubro Infotech Ltd (India))	-	(454,122)
	<b>( 17,668,123)</b>	<b>( 37,557,288)</b>

#### 12.4 Transactions with key management personnel

There were no transactions with key management personnel..

**DETAILED INCOME STATEMENT**

	<b>Notes</b>	<b>2019 R</b>	<b>2018 R</b>
<b>Revenue</b>			
Services income	7	50,319,687	56,142,307
<b>Cost of sales</b>			
Direct Cost		43,231,848	46,187,559
Purchase of trading goods			-
<b>Gross profit</b>		<b>7,087,840</b>	<b>9,954,748</b>
<b>Other income</b>			
Foreign exchange differences		127,445	-
Interest received	8	921,257	304,092
		<b>1,048,702</b>	<b>304,092</b>
<b>Gross Income</b>		<b>8,136,542</b>	<b>10,258,840</b>
<b>Expenses</b>			
<b>Operating expenses</b>			
Accounting fees		49,794	
Audit fees		67,000	(28,000)
Audit fee - prior year adjustment		-	-
Bank charges		19,801	15,817
Commission paid		-	454,122
Donations		130,000	348,000
Entertainment		31,556	-
Financial management fees		4,931,003	264,339
Foreign exchange differences		-	423,816
Insurance		120,000	200,000
Inter group services expense		927,532	226,277
Office expenses		13,870	6,205
Professional fees		2,416,397	698,733
Provision for doubtful debt		931,556	72,960
Marketing costs		157,507	1,873,835
Recruitment expenses		32,027	-
Sponsorship		839,513	9,000
Staff welfare		454,104	-
Training		(95,552)	674,735
<b>Operating (loss) / profit</b>		<b>(2,889,565)</b>	<b>5,019,001</b>
Finance cost		-	-
<b>(Loss) / Profit before taxation</b>		<b>(2,889,565)</b>	<b>5,019,001</b>
Taxation	9	772,678	(1,522,584)
<b>(Loss) / Profit for the year</b>		<b>(2,116,887)</b>	<b>3,496,417</b>

The supplementary information presented does not form part of the annual financial statements

## Financial Statements for the year ended 31 March 2019

Registration No- 2011/007226/07

Tax Reference No: 9204/345/18/6

### Tax Computation

	<b>2019</b>
	<b>R</b>
Net loss per income statement	( 2,889,565)
<b>Permanent differences (Non-deductable/Non-taxable)</b>	
Donations not in terms of section 18 A	130,000
<b>Temporary differences</b>	2,601,177
Provision for expenses - prior year	( 405,463)
Provision for expenses - current year	1,054,740
Provision for leave pay - prior year	( 375,387)
Provision for leave pay - current year	362,925
Prepaid expenditure not limited by s23 h - prior year	44,000
Prepaid expenditure not limited by s23 h - current year	( 48,000)
Provision for doubtful not deductible - prior year	( 72,960)
Provision for doubtful not deductible - current year	2,697,443
Allowance for doubtful debt - prior year	18,240
Allowance for doubtful debt - current year	( 674,361)
<b>Tax loss for the year</b>	<u>( 158,388)</u>
Taxation thereon @ 28%	<u>Nil</u>
<b>Tax liability</b>	
Amount refundable at the beginning of year	(800,590)
First provisional payment	(636,990)
Second provisional payment	-
Prior year adjustments	-
Tax refundable for the current year	(636,990)
Tax refundable for the current year	<u>(1,437,580)</u>

The supplementary information presented does not form part of the annual financial statements

## DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the report and Audited Accounts for the year ended December 31, 2018.

### 1. FINANCIAL RESULTS:

Particulars	2018	2017
	RMB	RMB
Total Income	3,966,847	1,391,165
Total Expenditure	5,424,833	1,392,883
Operating Profit / (Loss)	(1,457,986)	(1,718)
Add: Interest Income	-	3,008
Less: Finance Costs	-	-
Profit / (Loss) before Tax	(1,457,986)	1,291
Less : Tax	-	-
Net Profit / (Loss) after Tax	(1,457,986)	1,291
Add: Balance b/f from previous year	(1,300,950)	(1,302,240)
Balance available for disposal which directors appropriate as follows:		
Dividend	-	-
Transfer to Reserves	-	-
<b>Balance to be carried forward</b>	<b>(2,758,936)</b>	<b>(1,300,950)</b>

### 2. CAPITAL EXPENDITURE:

As at 31st December 2018, the gross fixed and intangible assets including leased Assets, stood at RMB 21,530 and the net fixed and intangible assets, including leased assets, at RMB 1,045. Capital Expenditure during the year amounted to NIL.

### 3. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were RMB 3.97 Mn. as against RMB 1.39 Mn. for the previous financial year registering an increase of 185%. The loss after tax from continuing operations including extraordinary and exceptional items of RMB 1.46 Mn. for the financial year under review as against profit of RMB 1,291 for the previous financial year.

### 4. REPORTING OF FRAUDS:

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

### 5. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 6. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

There was no change in the Board of Directors & Key Managerial Personnel happened during the FY 2018.

### 7. FINANCIAL STATEMENTS:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

### 8. AUDITORS:

M/s Shanghai HangLai, Certified Public Accountants are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.



## **DIRECTORS' REPORT (Contd.)**

### **9. DIRECTORS RESPONSIBILITY STATEMENT:**

The Sole Director of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Director has prepared the Annual Accounts on a going concern basis;
- e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### **10. ACKNOWLEDGEMENT:**

Your Director acknowledge the invaluable support extended by the Government authorities in China and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board**

Date : April 18, 2019  
Place : Melbourne Australia

**Sameer Satpute**  
Director

## INDEPENDENT AUDITORS' REPORT

To the Board of

L&T Information Technology Services (Shanghai) Co., Ltd.

### 1. OPINION

We have audited the financial statements of L&T INFORMATION TECHNOLOGY SERVICES (SHANGHAI) CO., LTD. (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with The Accounting Standards for Small Business.

### 2. BASIS FOR OPINION

We conducted our audit in accordance with China Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Small Business and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### 4. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with China Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of our audit in accordance with China Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

- (1) Identify and assess the risks of material misstatement of the 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, the risk of not finding a material misstatement resulting from fraud is higher than for one resulting from error.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## INDEPENDENT AUDITORS' REPORT (Contd.)

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the those Charged with Governance about planned scope and timing of the audit, as well as significant findings from the audit, including notable internal control weaknesses identified from the audit

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Zhong Guo, China Certified Public Accountant

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Yu Yang, China Certified Public Accountant

Shanghai HangLai Certified Public Accountants  
Shanghai China

April 18th, 2019

**BALANCE SHEET AS AT 31 DECEMBER 2018**

(All Amounts in RMB Yuan unless otherwise stated)

ITEM	Notes	2018.12.31	2017.12.31
<b>Current assets:</b>			
Cash at bank and in hand	5	181,402.60	1,242,616.28
Accounts receivable	6	2,829,635.95	526,027.45
Prepayments		-	-
Other receivables	7	11,880.29	11,880.29
Other current assets		-	-
<b>Total current assets</b>		<b>3,022,918.84</b>	<b>1,780,524.02</b>
<b>Non-current assets:</b>			
Fixed assets - cost	8	21,530.00	21,530.00
Less: Accumulated depreciation	9	20,485.32	13,308.60
Fixed assets - net	10	1,044.68	8,221.40
Less: Provision for impairment loss on fixed assets		-	-
Net book value of fixed assets		1,044.68	8,221.40
<b>Total non-current assets</b>		<b>1,044.68</b>	<b>8,221.40</b>
<b>TOTAL ASSETS</b>		<b>3,023,963.52</b>	<b>1,788,745.42</b>
<b>Current liabilities</b>			
Short-term loans		-	-
Financial liabilities held for trading		-	-
Notes payable		-	-
Accounts payable		-	-
Advances	11	856,699.50	-
Accrued payroll	12	326,948.92	53,354.60
Incl.: Wages payable		326,948.92	53,354.60
Taxes payable	13	196,843.94	22,749.10
Other payables	14	3,327,607.21	1,938,792.24
<b>Total current liabilities</b>		<b>4,708,099.57</b>	<b>2,014,895.94</b>
<b>Non-current liabilities</b>			
Total non-current liabilities		-	-
<b>TOTAL LIABILITIES</b>		<b>4,708,099.57</b>	<b>2,014,895.94</b>
<b>Owners' equity</b>			
Paid-in capital	15	1,074,799.00	1,074,799.00
Foreign capital		1,074,799.00	1,074,799.00
Capital surplus		-	-
Surplus reserve		-	-
Undistributed profits	16	(2,758,935.05)	(1,300,949.52)
Total owner's equity		(1,684,136.05)	(226,150.52)
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>3,023,963.52</b>	<b>1,788,745.42</b>

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

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

(All Amounts in RMB Yuan unless otherwise stated)

	<b>Notes</b>	<b>Year ended 2018.12.31</b>	<b>Year ended 2017.12.31</b>
<b>Total operating revenues</b>		3,966,847.10	1,391,165.30
Incl.: Operating revenues		3,966,847.10	1,391,165.30
Incl.: Revenues from main operation	17	3,966,847.10	1,391,165.30
Revenues from other operation		-	-
<b>Less: Total operating costs</b>		5,424,832.63	1,392,882.93
Incl.: Cost of operation		-	-
Tax and its additions		10,633.75	3,951.26
Selling and distribution expenses		-	-
General and administrative expenses		5,477,209.02	1,364,307.86
Finance expenses		(63,010.14)	24,623.81
<b>Add: Return on investment</b>		-	-
<b>Operating Profit</b>		(1,457,985.53)	(1,717.63)
Add: Non-operating incomes		-	3,008.23
Less: Non-operating expenses		-	-
<b>Total profit</b>		<b>(1,457,985.53)</b>	<b>1,290.60</b>
less: Income tax expenses		-	-
<b>Net profit</b>		<b>(1,457,985.53)</b>	<b>1,290.60</b>

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

(All Amounts in RMB Yuan unless otherwise stated)

	<b>Year ended 2018.12.31</b>	<b>Year ended 2017.12.31</b>
<b>1. Cash Flows from Operating Activities:</b>		
Cash received from sales of goods or rendering of services	2,634,547.59	1,890,102.27
Cash received relating to other operating activities	1,571.23	6,564.01
<b>Sub-total of Cash Inflows</b>	<b>2,636,118.82</b>	<b>1,896,666.28</b>
Cash paid for goods and services	-	-
Cash paid to and on behalf of employees	2,941,030.55	603,294.37
Payments of taxes and levies	196,506.60	51,155.09
Cash paid relating to other operating activities	559,795.35	802,392.86
<b>Sub-total of Cash Outflows</b>	<b>3,697,332.50</b>	<b>1,456,842.32</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(1,061,213.68)</b>	<b>439,823.96</b>
<b>2. Cash Flows from Investing Activities:</b>		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-	-
<b>Sub-total of Cash Outflows</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows from investing Activities</b>	<b>-</b>	<b>-</b>
<b>3. Cash Flows from Financing Activities:</b>		
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>4. Effect of Foreign Exchange Rate Fluctuation on Cash</b>	<b>-</b>	<b>-</b>
<b>5. Net Increase (decrease) in Cash and Cash Equivalents</b>	<b>(1,061,213.68)</b>	<b>439,823.96</b>
Add: Cash and cash equivalents at the beginning of the reporting period	1,242,616.28	802,792.32
<b>6. Cash and Cash Equivalents at the end of the reporting period</b>	<b>181,402.60</b>	<b>1,242,616.28</b>

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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

(All Amounts in RMB Yuan unless otherwise stated)

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
<b>Closing Balance at 31 December 2016</b>	1,074,799.00	-	-	(1,302,240.12)	(227,441.12)
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
<b>Beginning Balance at 1 January 2017</b>	<b>1,074,799.00</b>	<b>-</b>	<b>-</b>	<b>(1,302,240.12)</b>	<b>(227,441.12)</b>
Net profit	-	-	-	1,290.60	1,290.60
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	-	-	-	-	-
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
<b>Movements in year 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,290.60</b>	<b>1,290.60</b>
<b>Closing Balance at 31 December 2017</b>	<b>1,074,799.00</b>	<b>-</b>	<b>-</b>	<b>(1,300,949.52)</b>	<b>(226,150.52)</b>
<b>Closing Balance at 31 December 2017</b>	1,074,799.00	-	-	(1,300,949.52)	(226,150.52)
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
<b>Beginning Balance at 1 January 2018</b>	<b>1,074,799.00</b>	<b>-</b>	<b>-</b>	<b>(1,300,949.52)</b>	<b>(226,150.52)</b>
Net profit	-	-	-	(1,457,985.53)	(1,457,985.53)
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	-	-	-	-	-
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
<b>Movements in year 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,457,985.53)</b>	<b>(1,457,985.53)</b>
<b>Closing Balance at 31 December 2018</b>	<b>1,074,799.00</b>	<b>-</b>	<b>-</b>	<b>(2,758,935.05)</b>	<b>(1,684,136.05)</b>

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

## NOTES TO THE 2018 FINANCIAL REPORTS

(All Amounts are stated in RMB Yuan unless otherwise stated)

### 1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

L&T Information Technology Services (Shanghai) Co., Ltd. ("the Company") is a wholly owned foreign enterprise incorporated by LARSEN & TOUBRO INFOTECH LIMITED. The Company was registered at Shanghai Administration of Industry and Commerce, and obtained the Business License for Enterprise as No. 91310000069392188J on June 28th 2013. The registered capital is USD 175000 and the residential address for the Company is No 2 XingXian Road Jiading Industry Zone Shanghai. The Company has an approved operating period of 10 years.

The Company's approved scope of business operations includes Computer software (video, publication except) design, development, production, sales of own products and provide after sale service, the commission agent products and computer hardware (excluding auction), enterprise management consulting, business information consulting, computer information engineering technical consultation and services, to undertake service outsourcing in system management and maintenance technical support, information management, software development, data processing (not related to the management of state-run trade goods; involving quota, license management of goods, in accordance with relevant state regulations apply; involving administrative approval, permit to operate).

### 2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and "Accounting System for Small Business enterprises" as promulgated by the State of the People's Republic of China.

### 3 PRINCIPAL ACCOUNTING POLICIES

#### (A) ACCOUNTING PERIOD

The company's accounting year starts on 1 January and ends on 31 December.

#### (B) RECORDING CURRENCY

The recording currency of the Company is the Renminbi (RMB).

#### (C) BASIS OF ACCOUNTING AND MEASUREMENT BASES

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

#### (D) FOREIGN CURRENCY TRANSLATION

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the day in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates. Exchange differences arising from foreign currency capital contribution should be recognized as capital surplus.

#### (E) CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (F) RECEIVABLES AND PROVISION FOR BAD DEBTS

Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

Receivables comprise accounts receivable and other receivables. The direct write-off method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of the non-payment.



## NOTES TO THE 2018 FINANCIAL REPORTS (Contd.)

(All Amounts are stated in RMB Yuan unless otherwise stated)

(1) Accounts receivable

Accounts receivable comprises related party receivables and receivables from non-related parties.

The Company makes specific bad debts provision on an individual basis for accounts receivable that are distinctively different from any other receivable in recoverability. If there are indications that the balances cannot be recovered, the specific provision will be adjusted accordingly.

(2) Other receivable

Specific provisions are made for other receivables on an individual basis.

(3) Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered due to the debtor's de-registration, bankruptcy, insolvent and death, etc., bad debts are recognized and corresponding provision for bad debts is written off after the approval of the Company's general manager or the board pursuant to the authorization policies established in the Company.

### (G) FIXED ASSETS AND DEPRECIATION

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated Useful Lives	Estimated Residual Value	Annual Depreciation Rate
Office and electronic equipment	3yrs	0%	33.33%

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

### (H) REVENUE RECOGNITION

Revenue from the rendering of services shall be recognized at the time of service provided and consideration received or receivable.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

### (I) EMPLOYEE BENEFITS

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

### (J) ACCOUNTING FOR INCOME TAXES

The Company accounts for enterprise and local income taxes using the tax payable method. Under the tax payable method, tax expense is recognized based on current period taxable income and tax rates.

**NOTES TO THE 2018 FINANCIAL REPORTS (Contd.)**

(All Amounts are stated in RMB Yuan unless otherwise stated)

**4 TAXATION**

(a) Corporate income tax

The applicable enterprise income tax rate is 25%.

(b) Value added tax

The company for the small scale taxpayers of value added tax, the tax rate is 3%, the input tax shall be credited against.

(c) Individual income tax

Employees' income is subject to individual income tax, and the Company withhold amounts from employees and send the withheld amounts to the tax authorities.

**5 MONETARY ASSETS**

	<b>2018.12.31</b>	<b>2017.12.31</b>
Cash at bank	181,402.60	1,242,616.28
<b>Total</b>	<b>181,402.60</b>	<b>1,242,616.28</b>

**6 ACCOUNTS RECEIVABLE**

	<b>2018.12.31</b>	<b>2017.12.31</b>
	2,829,635.95	526,027.45

The ageing as at year end are as follows:

	<b>2018.12.31</b>		<b>2017.12.31</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Within 1 yr	2,829,635.95	100.0%	526,027.45	100.0%
<b>Total</b>	<b>2,829,635.95</b>	<b>100%</b>	<b>526,027.45</b>	<b>100%</b>

**Debtors with large amount:**

<b>Name of Debtors</b>	<b>Ending Balance</b>
LTI- US Branch	USD 50,454.00
LTTS	CNY 267,376.34
LTCH	USD 6,750.00
LTI- Singapore Branch	USD 62,773.20
LTI- Singapore Branch	SGD 52,708.00

**7 OTHER RECEIVABLES**

	<b>2018.12.31</b>	<b>2017.12.31</b>
	11,880.29	11,880.29

The ageing as at year end are as follows:

	<b>2018.12.31</b>		<b>2017.12.31</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Within 1 yr	-	-	2,748.04	23.1%
1 - 2 ys	2,748.04	23.1%	-	-
2 - 3 ys	-	-	9,132.25	76.9%
Over 3 ys	9,132.25	76.9%	-	-
<b>Total</b>	<b>11,880.29</b>	<b>100%</b>	<b>11,880.29</b>	<b>100%</b>

**NOTES TO THE 2018 FINANCIAL REPORTS (Contd.)**

(All Amounts are stated in RMB Yuan unless otherwise stated)

**8 FIXED ASSETS – COST**

	2018.1.1	Increase	Decrease	2018.12.31
Electronic equipment	21,530.00	-	-	21,530.00
<b>Total</b>	<b>21,530.00</b>	<b>-</b>	<b>-</b>	<b>21,530.00</b>

**9 ACCUMULATED DEPRECIATION**

	2018.1.1	Increase	Decrease	2018.12.31
Electronic equipment	13,308.60	7,176.72	-	20,485.32
<b>Total</b>	<b>13,308.60</b>	<b>7,176.72</b>	<b>-</b>	<b>20,485.32</b>

**10 FIXED ASSETS – NET**

	2018.12.31	2017.12.31
Electronic equipment	1,044.68	8,221.40
<b>Total</b>	<b>1,044.68</b>	<b>8,221.40</b>

**11 ADVANCES**

	2018.12.31	2017.12.31
	<b>856,699.50</b>	<b>-</b>

Creditors with large amounts:

Xi'an Janssen Pharmaceutical Ltd.

Ending balance

856,699.50

**12 ACCRUED PAYROLL**

	2018.12.31	2017.12.31
Wages payable	231,560.06	42,378.74
Social insurance	71,420.86	8,243.86
Housing Provident Fund	23,968.00	2,732.00
<b>Total</b>	<b>326,948.92</b>	<b>53,354.60</b>

**13 TAXES PAYABLE**

<u>Taxes</u>	2018.12.31	2017.12.31
Value added tax	48,509.12	15,433.84
City maintenance	2,368.67	771.68
Education surcharge payable	1,455.28	463.01
Local education surcharge payable	485.09	308.67
Individual income tax	56,112.61	5,771.90
Withholding taxes	87,913.17	-
<b>Total</b>	<b>196,843.94</b>	<b>22,749.10</b>

**14 OTHER PAYABLES**

	2018.12.31	2017.12.31
<b>Total</b>	<b>3,327,607.21</b>	<b>1,938,792.24</b>

**NOTES TO THE 2018 FINANCIAL REPORTS (Contd.)**

(All Amounts are stated in RMB Yuan unless otherwise stated)

**15 PAID-IN CAPITAL**

Name of Investor	2018.12.31		2017.12.31	
	Registered Capital (USD)	Registered Capital (RMB)	Registered Capital (USD)	Registered Capital (RMB)
LARSEN & TOUBRO INFOTECH LIMITED	175,000.00	1,074,799.00	175,000.00	1,074,799.00
<b>Total</b>	<b>175,000.00</b>	<b>1,074,799.00</b>	<b>175,000.00</b>	<b>1,074,799.00</b>

**16 UNDISTRIBUTED PROFITS**

	2018.12.31	2017.12.31
Undistributed profits at beginning of year	(1,300,949.52)	(1,302,240.12)
Current year net profit	(1,457,985.53)	1,290.60
Other adjustments	-	-
Distributable profit	(2,758,935.05)	(1,300,949.52)
Undistributed profits at the end of year	<b>(2,758,935.05)</b>	<b>(1,300,949.52)</b>

**17 REVENUES FROM MAIN OPERATION**

Item	2018	2017
Consulting Service	3,966,847.10	1,391,165.30
<b>Total</b>	<b>3,966,847.10</b>	<b>1,391,165.30</b>

**18 RELATED PARTY TRANSACTION****Related party relationships****Name of Entity**

L&T Infotech Ltd., US Branch  
L&T Infotech Ltd., Singapore Branch  
L&T Infotech Ltd., UK Branch  
L&T Infotech Ltd., India

**Relationship with the Company**

Controlled by the same party  
Controlled by the same party  
Controlled by the same party  
Parent

**Ending Balance of related party transaction****Name of Entity**

Larsen & Toubro Infotech Limited-Usa  
L&T Technology Services Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited-Singapore  
Larsen & Toubro Infotech Limited-Singapore  
L&T Technology Services Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited  
Larsen & Toubro Infotech Limited

Account Name	Ending balance
Accounts receivable	USD 50,454.00
Accounts receivable	CNY 267,376.34
Accounts receivable	USD 6,750.00
Accounts receivable	USD 62,773.20
Accounts receivable	SGD 52,708.00
Other payables	CNY 563,146.41
Other payables	GBP 22,029.73
Other payables	SGD 46,499.88
Other payables	AUD 7,846.56
Other payables	GBP 6,535.75
Other payables	CNY 2,068,676.40



## DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the report and Audited Accounts for the year ended March 31, 2019.

### 1. **FINANCIAL HIGHLIGHTS:**

Particulars	2018-19	2017-18
	EUR	EUR
Total Income	4,647,514	8,649,757
Total Expenditure	4,785,601	8,389,559
Operating Profit / (Loss)	(138,087)	260,197
Add: Interest Income	-	-
Less: Finance Costs	-	778
Profit / (Loss) before Tax	(138,087)	259,419
Less : Tax	[6,805]	64,855
Net Profit / (Loss) after Tax	(131,282)	194,564
Add: Balance b/f from previous year	394,976	200,413
Balance available for disposal which directors appropriate as follows:		
Dividend	-	-
Transfer to Reserves	-	-
<b>Balance to be carried forward</b>	<b>263,694</b>	<b>394,977</b>

### 2. **CAPITAL EXPENDITURE:**

As at 31st March 2019, there were no fixed tangible and intangible assets including leased assets.

### 3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the particulars of the loans given, investments made or guarantees given or security provided in the financial statements.

### 4. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were EUR 4.65 Mn. as against EUR 8.65 Mn. for the previous financial year registering a decrease of 46.27%. The loss before tax from continuing operations including extraordinary and exceptional items was EUR 138,087 and the loss after tax from continuing operations including extraordinary and exceptional items of EUR 131,282 for the financial year under review as against profit of EUR 259,419 and EUR 194,564 respectively for the previous financial year.

### 5. **DIVIDEND:**

In order to conserve the resources for future growth, the Directors do not propose payment of any dividend for the year.

### 6. **REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company, by its officers or employees.

### 7. **DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 8. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

There was no change in the Board of Directors & Key Managerial Personnel during the FY 2018-19.

### 9. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

## DIRECTORS' REPORT (Contd).

### 10. AUDITORS:

M/s LUQUE VELASCO Auditors S.L. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT:

The Sole Director of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Director has prepared the Annual Accounts on a going concern basis;
- e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### 12. ACKNOWLEDGEMENT:

Your Director acknowledge the invaluable support extended by the Government authorities in Spain and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board**

Date: April 29, 2019  
Place: Mumbai

**Mr. Sudhir Chaturvedi**  
Director

## INDEPENDENT AUDIT REPORT OF BRIEF ANNUAL ACCOUNTS

To the sole shareholder of L&T INFORMATION TECHNOLOGY SPAIN, S.L.:

### OPINION

We have audited the brief annual accounts of L&T INFORMATION TECHNOLOGY SPAIN, S.L. (the Company), which comprise the brief balance sheet as at March 31, 2019, and the brief income statement, brief statement of changes in equity and brief related notes for the year then ended.

In our opinion, the accompanying brief annual accounts present fairly, in all material respects, the equity and financial position of the Company as at March 31, 2019 and its financial performance for the year then ended in accordance with the applicable financial reporting framework (as identified in Note x to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein.

### BASIS FOR OPINION

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the brief annual accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence that are relevant to our audit of the brief annual accounts in Spain in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those of auditing accounts or have attended situations or circumstances that, in accordance with the provisions of said legislation, have affected the necessary independence so that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MOST RELEVANT ASPECTS OF THE AUDIT

The most relevant aspects of the audit are those risks that, in our professional judgment, were considered as the most significant assessed risks of material misstatement in our audit in the brief annual accounts of the current period. These risks were addressed in the context of our audit of the brief annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these risks.

### MOST RELEVANT ASPECTS OF THE AUDIT

The company has a significant amount in the customer balance. (Note X of Financial Statements). Concretely, as at March 31, 2019 this amount is 1,038,120.09 euros.

We have considered this area as a key issue in our audit due to the importance and significance of clients in the brief annual accounts and its appropriate accounting.

In relation to these amounts, we have carried out the following audit procedures:

- Comparison with the figures of the previous year and its correlation with the net amount of the turnover.
- Wide circularization to customers.
- Study of the balance's age.

### OTHER INFORMATION: MANAGEMENT REPORT

The other information only comprises the management report for the year 2018/2019, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the brief annual accounts.

Our audit opinion on the brief annual accounts does not cover the management report. Our responsibility for the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency of the management report with the brief annual accounts as of knowledge of the Company obtained in the audit of the mentioned statements and not including information different from the one obtained as evidence during the same. Likewise, our responsibility is to evaluate and report whether the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there is a material misstatement, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that of the brief annual accounts for the year 2018/2019 and its content and presentation are in accordance with the applicable regulations

### RESPONSIBILITY OF DIRECTORS FOR THE BRIEF ANNUAL ACCOUNTS

The Company's directors are responsible for the preparation of these brief annual accounts, so that they present fairly the equity, financial position and financial performance of L&T INFORMATION TECHNOLOGY SPAIN, S.L., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of brief annual accounts that are free from material misstatement, whether due to fraud or error.



In preparing brief annual accounts, the Company's 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL ACCOUNTS**

Our objectives are obtain reasonable assurance about whether the brief annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain 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 annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the brief annual accounts, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of directors' 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 auditor's report to the related disclosures in the brief annual accounts 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the brief annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's directors 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.

From the significant risks communicated with the Company's directors, we determine those matters that were of most significance in the audit of the brief annual accounts of the current period and are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

LUQUEVELASCO auditors,  
Nº ROAC: S1144

**Madrid, April 29, 2019**

**Pablo Luque Torrecillas**  
Partner

**BALANCE SHEET AS AT MARCH 31, 2019**

Description	EUR	
	2018-19	2017-18
<b>A) NON CURRENT ASSETS</b>	7,825.04	3,000.00
V. Long Term Financial Investments	1,020.00	3,000.00
VI. Deferred Tax Assets	6,805.04	-
<b>B) CURRENT ASSETS</b>	1,762,999.17	2,824,291.39
III. Trade Debtor	1,087,829.27	2,524,892.73
1. Customers	1,038,120.09	2,524,892.73
3. Other Debtors	49,709.18	-
VII. Cash and cash equivalents	675,169.90	299,398.66
<b>TOTAL ASSETS (A + B)</b>	<b>1,770,824.21</b>	<b>2,827,291.39</b>
<b>A) NET EQUITY</b>	313,694.42	444,977.06
A-1) Net Equity	313,694.42	444,977.06
I. Share Capital	50,000.00	50,000.00
V. Retain earnings	394,976.87	200,412.62
VII. Result for the period	-131,282.45	194,564.44
<b>C) CURRENT LIABILITIES</b>	1,457,129.79	2,382,314.33
IV. Current debt with financial instituti	1,217,818.31	1,825,090.53
V. Current payables to related parties	253,222.38	557,297.58
VI. Short term accruals	-13,910.89	-73.77
<b>TOTAL NET EQUITY AND LIABILITIES (A+B+C)</b>	<b>1,770,824.21</b>	<b>2,827,291.39</b>

## PROFIT AND LOSS FOR PERIOD ENDED MARCH 31, 2019

Description	EUR	
	2018-19	2017-18
1. Net Turnover	4,620,618.58	8,686,858.40
4. Purchases	-3,651,172.95	-5,784,167.61
6. Personnel Expenses	-770,828.48	-794,004.62
7. External Services	-363,600.40	-1,811,388.76
11. Impairment losses and other charges	-	1.00
<b>A) Operating result (from 1 to 13)</b>	<b>-164,983.25</b>	<b>297,298.41</b>
15. Financial expenses	-	-778.41
17. Exchange losses	26,895.76	-37,100.75
<b>B) Financial result (14+15+16+17+18+19)</b>	<b>26,895.76</b>	<b>-37,879.16</b>
C) Result before taxes (A+B)	-138,087.49	259,419.25
20. Corporate income tax	6,805.04	-64,854.81
D) Result from continued operations (C+20)	<b>-131,282.45</b>	<b>194,564.44</b>
<b>E) Result from the period (C+20)</b>	<b>-131,282.45</b>	<b>194,564.44</b>

## NOTES TO THE ACCOUNTS

Translation of a report and accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (see note 16).

In the event of a discrepancy, the Spanish-language version prevails

**Company: L&T INFORMATION TECHNOLOGY SPAIN, S.L. Period: 2018-19**

### 1. ACTIVITY OF THE COMPANY

#### 1.1. The details of the Company are as follows:

VAT number:	B87472072
Company Name:	L&T INFORMATION TECHNOLOGY SPAIN, S.L.
Address:	Pº CASTELLANA 81
Post Code:	28046
City:	MADRID
Region:	MADRID

#### 1.2. The company's social object and main activities are defined as follows:

##### CORPORATE PURPOSE

The corporate purpose of the company is the provision of services for information technology and outsourcing service delivery on everything related to new technologies.

All those activities for which the law requires special requirements that does not meet the Company are excluded. If the laws demand it for the exercise of any of the activities a professional qualification, authorization or registration in special registers, shall be exercised by the person holding that title or may not be initiated until have been met administrative requirements.

### 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

#### 2.1. True and fair view:

- The annual accounts, show a true and fair view of the shareholders' funds, of the financial situation, of the results and the changes in net equity during the year. They will be subject to the approval of the Shareholders' Meeting which will most probably approve them without any amendment.
- There are no reasons why the Company would have not fulfil all legal accounting requirements so to show the true and fair view.
- The application of the legal requirements is enough to show the true and fair view so no additional disclosures are necessary to be included in the Notes to the Accounts.
- These Annual Accounts have been prepared under the going concern principle.

#### 2.2. Non obligatory accounting principles applied:

No Spanish non-obligatory accounting standards have been applied. The annual accounts have been prepared in accordance with Spanish obligatory accounting standards. No Spanish accounting standard, which could have a significant impact, has been omitted.

#### 2.3. Critical aspects for valuations and estimates of uncertainty:

- There are no changes in any accounting estimate that are significant and could affect the current year or future years.
- The company is not aware of uncertainties that may bring doubts about the possibility of the company to continue operating normally.

#### 2.4. Comparison of information:

The period closed on 31st March 2019 is comparable to the previous period.

#### 2.5. Items reflected in two or more classifications

No items have been observed as being registered in two or more balance sheet classifications.

## NOTES TO THE ACCOUNTS (Contd.)

### 2.6. Changes in accounting policies

There has not been any changes in accounting policies.

### 2.7. Correction of errors

When the attached annual accounts were prepared no significant errors were detected.

### 2.8. Going concern

There are no uncertainties with respect to the normal activity of the Company which could imply a breach of the going concern principle.

## 3. DISTRIBUTION OF THE RESULT

### 3.1. The proposed distribution of the result is as follows:

<b>DISTRIBUTION BASE</b>	<b>Current period</b>	<b>Previous period</b>
Result from P&L account	-107,223.16	194,564.44
Remnant	0.00	0.00
Voluntary Reserves	0.00	0.00
Other reserves	0.00	0.00
<b>TOTAL DISTRIBUTION BASE</b>	<b>107,223.16</b>	<b>194,564.44</b>
	<hr/>	<hr/>
<b>APPLICATION</b>	<b>Current period</b>	<b>Previous period</b>
Legal reserve	0.00	0.00
Especial reserve	0.00	0.00
Voluntary reserve	0.00	194,564.44
Dividends	0.00	0.00
Carried forward losses	-107,223.16	0.00
Remnant and other applications	0.00	0.00
<b>TOTAL DISTRIBUTION BASE</b>	<b>107,223.16</b>	<b>194,564.44</b>
	<hr/>	<hr/>

### 3.2. Distribution of dividends on account

No dividends on account can be distributed as the result for the period has been a loss.

## 4. ACCOUNTING AND VALUATION POLICIES

The main accounting and valuation policies used to prepare the annual accounts are as follows:

### 4.1. Financial instruments

- a) The company has acknowledged a financial instrument on its balance sheet when it has become a part of the contract or legal business in accordance with the provisions of the same. Instruments of equity of other companies or contractual rights to receive cash or another financial asset have been considered as financial assets consist of cash. Contractual rights to exchange assets or financial liabilities with others in potentially favourable conditions have also been.

For valuation purposes, the financial assets of the Company are classified as follows:

- Financial assets at amortized cost: this category of financial assets includes on the one hand, trade receivables, arising from the sale of goods and provision of services for trade operations of the company, and on the other hand, other financial assets not being equity instruments or derivatives, they have no commercial origin and their charges are fixed or determinable amount. Financial assets included in this category are initially valued at cost, which equals the fair value of the consideration paid plus transaction costs.

## NOTES TO THE ACCOUNTS (Contd.)

- b) The financial instruments are classified as financial liabilities, when they have been for the company an obligation contractual, direct or indirect, to deliver cash or another financial asset, or of exchanging assets or financial liabilities with others in potentially unfavourable conditions, or that gives the holder the right to demand from the issuer their rescue on a date and for a specified amount.

The financial liabilities, for the purposes of its assessment, been classified in the following categories:

- Financial liabilities at amortized cost: they have been included as such, the amounts owed by commercial operations, which originated in the purchase of goods and services by the company trafficking operations, and debits by non-commercial operations, which not being derivative instruments, do not have sales origin. These financial liabilities have been valued initially at value reasonable, and subsequently, at their amortized cost.

### 4.2. Corporation Tax

In general, it recognized a deferred tax liability for all taxable temporary differences, unless these have arisen from the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction that is not a combination of business and also affects neither the accounting profit nor taxable income or investments in subsidiaries, associates and joint always business and when the investor has been able to control the timing of the reversal of the difference and also have been likely that such difference will not reverse in the foreseeable future.

Deferred tax assets, in accordance with the principle of prudence, have been recognized as such in so far as it has been likely that the company has disposed of future taxable profits that allow the application of these assets. If the above condition is met, generally it has been considered a deferred tax asset if: there have been deductible temporary differences, rights to offset in subsequent years, tax losses and deductions and other tax benefits not used that have been pending fiscally apply.

Assets and deferred tax liabilities are valued as the expected rates of tax at the time of reversal, as the legislation has been in force or approved and pending publication at the close of the year, and according to the form that is planned rationally recover or settle the asset or liability.

### 4.3. Income and expenses

Revenue is recognized as a result of an increase in the resources of the company, and where the amount has been reliably determined. Expenses have been recognized as a result of dwindling resources of the company, and where the amount has also been able to assess or estimate reliably.

Revenues from services are recognized when the outcome of the transaction can be estimated reliably, considering the percentage of completion at the year-end date. Only been posted income from the provision of services with the following conditions: when the amount of revenue has been reliably measured, provided the company receives profits or income from the transaction, and this transaction has been valued at close exercise reliably, and finally when the costs incurred in the transaction and the remaining to be incurred have been measured reliably.

### 4.4. Provisions and contingencies

The company has recognized as provisions liabilities that fulfil the definition and criteria for accounting records contained in the conceptual framework of accounting, have been indeterminate with respect to their amount or the date they will be cancelled. Provisions have been determined by a legal, contractual provision or for an obligation implied or tacit.

Provisions have been valued at the date of closure of the exercise by the present value of the best possible estimate of the amount needed to cancel or transfer to a third party the obligation, registering settings that have emerged for the update of the provision as a financial expense as they have been earning. In the case of provisions with maturity exceeding the year not carried out any type of discount.

## 5. TANGIBLE AND INTANGIBLE ASSETS AND REAL ESTATE INVESTMENTS

### 5.1. Changes in tangible, intangible Assets and Real Estate investments

No tangible or intangible assets have been registered in the Company during the financial year 2018-2019 nor in the previous period.

## NOTES TO THE ACCOUNTS (Contd.)

### 6. FINANCIAL ASSETS

#### 6.1. Changes in financial assets

The movements in each category of financial assets following the accounting and valuation policies established in point 4 above (except for investments in group companies) can be summarized in the following table:

- a) Long Term financial assets except for investment in equity of group and associated entities: For 2018-2019 and 2017-2018 the details are as follows:

	Current Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Financial investments- Deposits	0.00	0.00	1,020.00	1,020.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>1,020.00</b>	<b>1,020.00</b>
	Prior Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Financial investments- Deposits	0.00	0.00	3,000.00	3,000.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>3,000.00</b>	<b>3,000.00</b>

- b) Short Term financial assets except for investment in equity of group and associated entities:

	Current Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Deferred expenses	0.00	0.00	0.00	0.00
Receivable accounts	0.00	0.00	1,035,454.08	1,035,454.08
Tax authorities	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>1,035,454.08</b>	<b>1,035,454.08</b>
	Prior Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Deferred expenses	0.00	0.00	0.00	0.00
Receivable accounts	0.00	0.00	2,524,892.73	2,524,892.73
Tax authorities	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>2,524,892.73</b>	<b>2,524,892.73</b>

## NOTES TO THE ACCOUNTS (Contd.)

### 7 FINANCIAL LIABILITIES

#### 7.1. Changes in Financial Liabilities.

The movements in each of the financial liabilities categories following the accounting and valuation policies described in point 4 of these Notes to the Annual Accounts are summarized as follows:

- a) Long Term financial liabilities: no long term financial liabilities have been registered.
- b) Short Term financial liabilities

	Current Period			
	Debts with credit entities	Bonds and others	Derivatives and others	TOTAL
Suppliers	0.00	0.00	2,274.13	2,274.13
Accruals	0.00	0.00	31,237.76	31,237.76
Personnel	0.00	0.00	25,395.03	25,395.03
Tax Authorities	0.00	0.00	194,315.47	194,315.47
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>253,222.38</b>	<b>253,222.38</b>

	Prior Period			
	Debts with credit entities	Bonds and others	Derivatives and others	TOTAL
Suppliers	0.00	0.00	-1,343.89	-1,343.89
Accruals	0.00	0.00	198,952.97	198,952.97
Personnel	0.00	0.00	101,759.41	101,759.41
Tax Authorities	0.00	0.00	257,929.09	257,929.09
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>557,297.58</b>	<b>557,297.58</b>

### 8. CASH AND CASH EQUIVALENTS

At the closing of period 2018-2019 the balance of cash and cash equivalents amounts to 675,169.90 € corresponding to the bank account with which the company operates.

### 9. NET EQUITY AND SHARE HOLDERS' FUNDS

#### 9.1 Share Capital

At the closing of period 2018-2019 the share capital of the Company amounts to 50,000€ divided in 50,000 shares of 1 Euro face value each. They are correlative numbered from 1 to 50,000 both included; all the shares are fully subscribed and paid.

The sole shareholder at the closing of the period is the Company Larsen and Toubro Infotech Limited.

#### 9.2 Legal Reserve

According to the Companies Act Capital, a figure must be equal to 10% of annual profits to the legal reserve until it reaches at least 20% of the share capital. The legal reserve can be used to increase capital in the part of the balance exceeding 10% of the increased capital. Except as mentioned above, while not exceeding 20% of capital, it can only be used to offset losses, provided that sufficient other reserves available for this purpose.



## NOTES TO THE ACCOUNTS (Contd.)

### 10. TAX SITUATION

#### 10.1 Corporation Tax:

- a) No adjustments have been registered in the calculation of Corporation tax for the period 2018-2019, so the taxable base correspond to the books result. The full amount of the negative taxable bases from the previous period has been applied.

Concept	Amount
Book Result before taxes	-138,087.49
Compensation of negative bases	
Taxable Base	-138,087.49
Permanent Adjustments	14,630.19
Temporary Adjustments	27,220.10
Previous Tax Base	-96,237.16
Deferred Tax	30,864.33

#### 10.2 Other balances with Public Administrations

The information related to the balances with Public Administrations at the closing dates are as follows:

Tax	Debit Balance	Credit Balance
VAT	-	199,544.39
Withholdings on salaries	-	2,759.94
Social Security	-	2,489.58
<b>TOTAL</b>	<b>-</b>	<b>204,793.91</b>

### 11. INCOME AND EXPENSES

The movements during the current and previous periods in the income and expenses accounts are summarised below:

Detail of the profit and loss account	Current period	Previous period
Turnover for the period	4,620,618.58	8,686,858.40
1. Services rendered by other companies	3,651,172.95	5,784,167.61
2. Raw materials consumption	0.00	0.00
a) Purchases	0.00	0.00
b) Stock variation	0.00	0.00
3. Other operative expenses	363,600.40	1,811,388.76
a) Losses and impairments corresponding to trade	0.00	0.00
b) Other expenses	363,600.40	1,811,388.76
4. Personnel expenses	770,828.48	794,004.62
5. Other results	0.00	0.00

### 12. OPERATIONS WITH RELATED PARTIES

The detail of the transactions with related parties during the period is as follows:

Entity	Services rendered	Amount
Larsen and Toubro Limited	Professional services	3,651,172.95
<b>TOTAL</b>		<b>3,651,172.95</b>

## NOTES TO THE ACCOUNTS (Contd.)

The balances as at 31st March 2019 with related parties is the following:

Entity	Debt Balance	Amount
Larsen and Toubro Limited		1,389,794.92
L&T Infotech Subsidiary	175,251.67	
<b>TOTAL</b>	<b>175,251.67</b>	<b>1,389,794.92</b>

During the period the Sole Director of the company has not received any remuneration. No other obligations towards the Sole Director have been accrued.

In compliance with articles 229 of Spanish Corporate Law, passed and approved under Royal Legislative Decree1/2010 on 2 July, 2010, the Company makes full disclosure of the information it has received regarding the direct or indirect holdings of members of the Board of Directors of the controlling company in other companies whose stated activities are related or similar to those of the stated purpose of the Controlling Company or Group. The following list includes names, positions held and name of company.

Passport	Director	Entity	%	Position
801582393	Sudhir Chaturvedi	Larsen & Toubro Infotech Limited, India (Parent Company)	0.0012%	Executive Director

### 13. OTHER INFORMATION

The average number of employees during the period and divided by category is as follows:

Personnel	Current Period	Previous Period
Qualified personnel	14	25
Average	14	25

### 14. ENVIRONMENTAL AND GREEN HOUSE GAS EMISSIONS RIGHTS INFORMATION

The Company does not have any responsibilities, expenses, assets nor provisions of environmental nature which could be significant in relation to equity, financial situation and results of the Company. The Board of Directors consider that there are no contingencies related to the protection and improvement of the environment.

### 15. INFORMATION RELATED TO THE DEFERRAL OF PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL PROVISION OF ACT 15/2010 OF JULY 5TH "DUTY OF DISCLOSURE OF INFORMATION "

In compliance with the provisions of Law 15/2010 of combating late payment to suppliers, developed by the ICAC, it is reported commercial operations, the legal maximum payment period is, in each case corresponding to depending on the nature of the good or service received by the company in accordance with the provisions of the law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, and amended by law 15/2010 of 6 July.

Average payment period to suppliers:

	2018-2019	2017-2018
Days	30	30

### 16. POST BALANCE SHEET EVENTS

The Board of Directors do not consider that any events have taken place in the period comprise between the drawing up of these Annual Accounts and their approval, which could affect them significantly.

### 17. ADDITIONAL EXPLANATION REGARDING THE ENGLISH TRANSLATION

These annual accounts are presented in accordance with accounting principles generally accepted in Spain, which may not conform to generally accepted accounting principles in other countries.

### 18. SIGNATURES

In Mumbai (India), as at 29/04/2019,

**Mr. SUDHIR CHATURVEDI**  
Id number: Y3650220L  
Signing as: Sole Director

## REPORT OF THE SOLE MANAGER TO THE PARTNERS OF THE COMPANY

In compliance with Article 42 of the corporate by-laws, I hereby inform the partners of the Company, the relevant aspects regarding the business of the Company during the period comprised from January 1st to December 31st, 2018.

### Relevant transactions:

- a) This was the Company's first full year of operations, after having started business in 2017.
- b) The Company continued servicing its largest client and also added more projects to its portfolio.
- c) During the year, the Company hired a sales and customer success team to expand its business in the country.

### Financial Information

#### - Assets

The Company's assets amount to \$16'897,377 Pesos (sixteen million eight hundred ninety seven thousand three hundred and seventy seven Pesos, currency in the United Mexican States).

#### - Liabilities

The Company's liabilities amount to \$18'232,111 Pesos (eighteen million two hundred thirty two thousand one hundred eleven Pesos, currency in the United Mexican States).

#### - Equity

As to December 31, 2018, the Company's equity reached the negative amount of -\$1'334,734 Pesos (minus one million three hundred thirty four thousand seven hundred thirty four Pesos, currency in the United Mexican States).

#### - Results

The Company suffered losses in the amount of \$1'680,356 Pesos (one million six hundred eighty thousand three hundred and fifty six Pesos, currency in the United Mexican States).

#### - Income

The total income was the amount of \$44'495,272 Pesos (forty four million four hundred ninety five thousand two hundred seventy two Pesos, currency in the United Mexican States).

#### - Expenses

The operation expenses amount to \$46,747,928 Pesos (forty six million seven hundred forty seven thousand nine hundred and twenty eight Pesos, currency in the United Mexican States).

The financial statements of the Company are part of this report and are available to the Company's shareholders.

Finally, pursuant to paragraph XIX of section 76 of the Income Tax Law, we hereby attest the compliance by the Company to its tax liabilities for the fiscal year ended on December 31, 2018.

For and on Behalf of the Company

Place : New Jersey, USA  
Date : April 17, 2019

**Alekh Gupta**  
Sole Manager

# INDEPENDENT AUDITOR'S REPORT

To the Stockholders of:

**L&T INFOTECH, S. DE R.L. DE C.V.**

**(Subsidiary of Larsen & Toubro Infotech Limited)**

## Opinion

We have audited the accompanying financial statements of L&T Infotech, S. de R.L. de C.V. (the Company) comprising the statement of financial position as of December 31, 2018, and the statements of comprehensive income, changes in stockholders' equity and cash flows for the period ended on December 31 as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of L&T Infotech, S. de R.L. de C.V. as of December 31, 2018, as well as its result and cash flow for the year then ended, in accordance with Mexican Financial Reporting Standards (FRS).

## Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in the section 'Responsibilities of the auditor for the audit of the financial statements' of this report. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in accordance with the Code of Professional Ethics issued by the Mexican Institute of Public Accountants and have complied with our other ethical responsibilities in accordance with these requirements.

## Management's responsibility in regards of the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the Mexican FRS and for such internal control that the management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Responsibility of the Management and those in charge of the Company's governance of the financial statements.

The Company's Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with Mexican FRS and internal control that the Management considers necessary to enable the preparation of financial statements free of material misstatement due to fraud or error.

In the preparation of the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern, revealing, where appropriate, the issues relating to the Company in operation and using the accounting bases of Company in operation unless the Administration intends to liquidate the Company or cease operations, or does not have the most realistic alternative to doing so.

Those in charge of the governance of the Company are responsible for overseeing the Company's financial reporting process.

## Responsibilities of the auditor on the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether derived from fraud or error and to issue the auditor's report that includes our opinion.

Reasonable security is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. In corrections may arise from fraud or error and are considered material if, individually or as a whole, they can reasonably be expected to affect the economic decisions that users make on the basis of these financial statements.

As part of an audit in accordance with ISAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether for fraud or error, design and perform audit procedures that responded to those risks, and we obtained audit evidence sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that resulting from an error since fraud involves collusion, falsification, intentional omission, distortion, or internal control override.

- Obtain knowledge of internal control relevant to the audit, in order to design audit procedures that are appropriate to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the use of the Management of operating accounting bases and, based on the evidence obtained, if there is a material uncertainty regarding events or conditions that could give rise to significant doubt about the Company's ability to continue as a running company. If we conclude that there is material uncertainty, we are called upon to draw attention in our auditor's report on the respective disclosures in the financial statements or, if such disclosure is insufficient, to modify our opinion. Our findings are based on the audit evidence obtained to date from our auditor's report. However, future events or conditions may cause the Company to cease to be a running business.
- We evaluate the overall presentation, structure, and content of financial statements, including disclosures, and whether the financial statements present the underlying transactions and events and achieve a fair presentation.

We communicate with Company's Management regarding, inter alia, the expected scope and timing of the audit and significant audit results, including any significant weaknesses in internal control that we identified during our audit.

**MOORE STEPHENS OROZCO MEDINA, S.C.**

**Liliana Miriam Blancas Estrada, CPA.**  
Audit Partner

Mexico City, April 17, 2019

## Statements of Financial Position

As of December 31, 2018, and December 31, 2017

(Figures expressed in Mexican pesos)

	2018	2017
<b>Assets</b>		
<b>Current:</b>		
Cash and cash equivalents (Note 2.4)	\$ 1,203,129	587,225
Trade receivables (Note 2.5 and 3)	11,985,262	10,918,350
Advance taxes (Note 2.6)	2,372,573	-
Other current assets	54,508	-
<b>Total current assets</b>	<b>15,615,472</b>	<b>11,505,575</b>
Computer equipment (Note 2.7)	19,313	-
Income tax-deferred (Note 2.10 and 5.1)	1,262,592	462,044
<b>Total assets</b>	<b>\$ 16,897,377</b>	<b>11,967,619</b>
<b>Liability and Stockholders' equity</b>		
<b>Short-Term Liabilities:</b>		
Suppliers and other payables	\$ 3,226,304	632,863
Related parties (Note 3)	10,976,353	7,574,124
Other current liabilities	4,029,454	3,415,010
<b>Total short term liabilities</b>	<b>18,232,111</b>	<b>11,621,997</b>
<b>Stockholders' equity</b>		
Capital stock (Note 2.12 and 4.1)	3,000	3,000
Retained earnings	342,622	-
Comprehensive (loss) income	(1,680,356)	342,622
<b>Total stockholders' equity</b>	<b>(1,334,734)</b>	<b>345,622</b>
<b>Total liabilities and stockholders' equity</b>	<b>16,897,377</b>	<b>11,967,619</b>

**Alekh Gupta**

Sole Manager

Place : New Jersey, USA

Date : April 17, 2019

## STATEMENTS OF COMPREHENSIVE INCOME

For the period ended on December 31, 2018, and December 31, 2017

(Figures expressed in Mexican pesos)

	<b>2018</b>	<b>2017</b>
Services revenue (Note 2.13)	\$ 44,495,272	14,547,059
Employee benefit expenses	36,186,833	7,700,242
Other Direct costs	7,430,192	4,879,879
General administrative expenses	3,130,903	746,037
<b>Operating (loss) profit</b>	<b>(2,252,655)</b>	<b>1,220,901</b>
Comprehensive financing result:		
Interest (Income)- Net	(306,355)	(55,067)
Foreign exchange gain (loss)- Net	78,106	(517,463)
	<b>(228,249)</b>	<b>(572,530)</b>
<b>(Loss) profit before tax</b>	<b>(2,480,905)</b>	<b>648,371</b>
Income tax (Note 2.10 and 5)	(800,549)	305,749
<b>Comprehensive (loss) income</b>	<b>(1,680,356)</b>	<b>342,622</b>

The attached notes are an integral part of these financial statements.

**Alekh Gupta**  
Sole Manager

Place : New Jersey, USA

Date : April 17, 2019

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY***for the period ended on December 31, 2018, and December 31, 2017**(Figures expressed in Mexican pesos)*

	<b>Capital stock</b>	<b>Cumulative Profits</b>	<b>Total stockholders' equity</b>
Balances as of March 1, 2017	\$ 3,000	\$ -	\$ 3,000
Comprehensive income of 2017		342,622	342,622
Balances as of December 31, 2017	\$ 3,000	\$ 342,622	\$ 342,622
Comprehensive income of 2018		\$ (1,680,356)	\$ (1,680,356)
Balances as of December 31, 2018	<b>\$ 3,000</b>	<b>\$ (1,337,734)</b>	<b>\$ (1,334,734)</b>

The attached notes are an integral part of these financial statements.

**Alekh Gupta**  
Sole Manager  
Place : New Jersey, USA  
Date : April 17, 2019



## STATEMENTS OF CASH FLOW

For the period ended on December 31, 2018, and December 31, 2017

(Figures expressed in Mexican pesos)

	<b>2018</b>	<b>2017</b>
(Loss) Profit before income tax	\$ (2,480,905)	648,371
<b>Operating Activities:</b>		
Trade receivables	(1,066,912)	(10,918,350)
Advance taxes	(2,372,573)	-
Other current assets	(54,508)	-
Depreciation and amortization	4,823	-
Suppliers and other payables accounts	2,593,442	632,863
Related parties	(1,250,524)	63,675
Other current liabilities	614,444	3,415,010
<b>Net cash used from operating activities</b>	<b>(4,012,713)</b>	<b>(6,158,431)</b>
<b>Investment Activities:</b>		
Acquisition of fixed assets	24,136	-
<b>Financing Activities:</b>		
Capital stock	-	3,000
Loan payment with related parties	(5,811,607)	-
Loans obtained from related parties	10,464,360	6,742,656
<b>Net cash flows from financing activities</b>	<b>4,652,753</b>	<b>6,745,656</b>
<b>Increase in cash and cash equivalents</b>	<b>615,904</b>	<b>587,225</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>587,225</b>	<b>-</b>
<b>Cash and cash equivalents at year end</b>	<b>\$ 1,203,129</b>	<b>587,225</b>

**Alekh Gupta**

Sole Manager

Place : New Jersey, USA

Date : April 17, 2019

## Notes to the Financial Statements

for the year ended December 31, 2018, and December 31, 2017

(Figures in Mexican pesos)

### Note 1. History and activity of the Company

L&T Infotech, S. de R.L. de C.V., (the Company) is a subsidiary of Larsen & Toubro Infotech Limited. It was incorporated on March 1, 2017, under Mexican law, with registered office at Bosque de Ciruelos No. 180 PP 101, Colonia Bosques de las Lomas, Mexico City.

The company's aim is to provide consulting services and solutions related to information technology, including without limitation, automatic data processing, information technology, analytics and information models, cloud services, security and infrastructure services, open source technology, intelligent devices, application administrators, execution system developers, Oracle and SAP database, systems and business integration, cloud applications, geographic information systems as well as process improvement and business model design.

### Note 2. Basis for preparation and summary of significant accounting policies

The financial statements as of December 31, 2018, have been prepared in compliance with the Mexican Financial Reporting Standards (MFRS), to expose a fair presentation of the Company's financial position.

The MFRS (NIF) state that the International Financial Reporting Standard, the International Accounting Standards (NIC), the International Financial Reporting Interpretations and the Interpretation Committee are a supplementary part of the MFRS when the absence of the MFRS requires it. Accordingly, the Company, with the purpose of recognizing, valuing, and disclosing its own particular transactions, applies the following supplementary NIC-18 "Ordinary activities income" effective as of January 1, 1995. (See note 2.11)

The following significant accounting policies are summarized, which have been applied consistently in the years presented, unless otherwise specified.

#### 2.1 Recording, functional and reporting currency

Since the recording, functional and reporting currencies of the Company are the Mexican Peso, it was not necessary to make any conversion process.

#### 2.2 Inflationary effects

Under the provisions of NIF B-10 "Effects of inflation", from January 1, 2008, the Mexican economy is in a non-inflationary environment maintaining a cumulative inflation for the last three years below 26% (threshold to define that an economy should be considered as inflationary), therefore, from that date recognizing the effects of inflation on financial information was suspended. Consequently, the figures as of December 31, 2018, of the accompanying financial statements are presented in historical pesos.

The inflation rates are presented as follows:

	31 December	
	2018 (%)	2017 (%)
Year	4.83	6.77
Accumulated in the last three years	14.96	12.26
Accumulated without including current year	10.13	7.43

#### 2.3 Use of estimates

The preparation of financial statements in conformity with the MFRS requires accounting estimates. In addition, those rules require that management exercises professional judgment to define the accounting policies that will apply to the Company. Recognized accounting estimates will likely differ from actual results or events.

#### 2.4 Cash and cash equivalents

Cash and cash equivalents include bank deposits and other high liquidity investments with maturities of less than 90 days, which is similar to their market value.

#### 2.5 Clients

Accounts receivable from clients represent amounts due by them and are generated by services provided in the normal course of operations of the Company. When the collection is expected in a period of one year or less from the closing date, they are presented as current assets. If the above does not comply, they are presented as non-current assets.

## Notes to the Financial Statements (Contd.)

for the year ended December 31, 2018, and December 31, 2017

### 2.6 Advance Taxes

Tax advances represent amounts in favor of the Company generated by tax payments made by the Company and pending to be applied. The balance as of December 31, 2018, of advance taxes, is as follows:

	<b>2018</b>
<b>Provisional payments</b>	
Annual income tax 2018	\$ 2,372,573
<b>Total advance taxes</b>	<b>\$ 2,372,573</b>

### 2.7 Computer equipment

Computer equipment is recorded at its historical cost. Depreciation is calculated using the straight-line method over 100% of the acquisition cost. The shelf life for calculating depreciation of computer equipment is 3 years at a rate of 30% annual depreciation.

### 2.8 Suppliers and other payable accounts

This part includes obligations with suppliers and other accounts payable for purchases of goods or services acquired in the normal course of the Company's operations. When the Company expects to pay them over a period of one year or less from the date of closing, they are presented in current liabilities. If the above does not comply, they are presented as non-current liabilities.

### 2.9 Provisions

Provisions for liabilities represent obligations for past events where the outflow of economic resources is more likely than not. These provisions have been recorded based on the management's best estimation.

### 2.10 Income Tax incurred and deferred

The income tax incurred in the year is presented as a net short-term liability of the advance payments performed during the year.

The income tax incurred and deferred, are recognized as expenses (or reduction of expenses) in the comprehensive result of the period.

The deferred income tax is determined based on the method of assets and liabilities with comprehensive approach, which consists in recognizing a deferred income tax for all the temporary differences between the accounting and tax values of assets and liabilities expected to materialize in the future, at the rates issued and established in the tax provisions in force at the date of the financial statements [See note 5].

### 2.11 Exchange differences

Transactions in foreign currency are initially recorded at record currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing at the date of the statement of the financial position. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period closing are recognized in the income as a component of the Financing Comprehensive Income (RIF).

As of December 31, 2018, and December 31, 2017, the currency assets and liabilities expressed in US dollars generated a financial position as follows:

	<b>2018</b>	<b>2017</b>
Assets	US\$ -	US\$ 14,713
Liabilities	(525,062)	(347,373)
Position in foreign currency	US\$ (525,062)	US\$ (332,660)

The exchange rate used for the valuation of assets and liabilities in foreign currency as of December 31, 2018, was \$ 19.6829 peso per US dollar and December 31, 2017, was \$19.7354 pesos per US dollar.

### 2.12 Stockholders' equity

The capital stock, legal reserve and retained earnings are expressed at historical cost. [See Note 4].

## Notes to the Financial Statements (Contd.)

for the year ended December 31, 2018, and December 31, 2017

### 2.13 Revenue recognition

Income derived from the sale of services in the normal course of the Company's operations is recognized at the fair value of the consideration received or receivable. Income is presented net of value added tax, rebates and discounts.

Considering the nature of the services sold by the Company, such as providing consulting services and solutions related to information technology, revenue is recognized when the services are provided and the customer has accepted the services in accordance with the sales contract, or when the Company has objective evidence that all acceptance criteria have been met.

An account receivable is recognized when services are provided, as this is the time when the consideration is unconditional, as only the passage of time is required before payment is due.

### 2.14 Comprehensive income

The comprehensive income comprises the net income or loss which is reflected in stockholders' equity and it does not constitute equity's contributions, reductions or distributions.

### Note 3. Balances and transactions with related parties

The balances with related parties are as follows:

	2018	2017
Larsen and Toubro Infotech Limited, India (A) – payable	\$ -	\$ 1,336,409
Larsen and Toubro Infotech Limited, France (B) – payable	699,020	-
L&T Infotech Financial Services Technologies Inc (C) - payable	10,277,333	6,237,715
<b>Total related parties - payable</b>	<b>\$ 10,976,353</b>	<b>\$ 7,574,124</b>
Larsen and Toubro Infotech Limited, USA (D) – receivable	663,761	290,363
Total related parties - receivable	\$ 663,761	\$ 290,363
<b>Total related parties – net payable</b>	<b>\$ 10,312,592</b>	<b>\$ 7,283,761</b>

(A) Corresponds to a loan received by the Company on July 1, 2017, for USD 25,000, and repaid in 2018, at an annual interest rate of 5%. There is also an amount of \$831,467 related to services received by the Company.

(B) Corresponds to services received by the Company.

(C) Corresponds to various loans received in Canadian dollars by the Company as shown below at an annual interest rate of 5%.

Date	Principal (in Canadian Dollars)
January 11, 2018	\$ 100,000
January 17, 2018	60,000
April 13, 2018	40,000
April 17, 2018	30,000
May 11, 2018	100,000
August 13, 2018	120,000
December 17, 2018	250,000
<b>Total loans</b>	<b>\$ 700,000</b>

(D) Corresponds to the receivable and payable for the transfer of income and costs from Larsen and Toubro Infotech Limited USA as of December 31, 2018 (Receivable of \$832,390. Payable of \$168,629) and as of December 31, 2017 (Receivable of \$5,631,792 vs. Payable of \$5,341,429).

## Notes to the Financial Statements (Contd.)

for the year ended December 31, 2018, and December 31, 2017

The transactions held with related parties were as follows:

		2018	2017
<b>Income:</b>			
Larsen & Toubro Infotech Limited, USA	Sale of services	\$ 11,127,976	\$ 5,385,001
<b>Costs and Expenses:</b>			
Larsen & Toubro Infotech Limited, USA	Purchase of services	840,151	3,813,788
Larsen & Toubro Infotech Limited, France	Purchase of services	699,020	-
Larsen & Toubro Infotech Limited, India	Purchase of services	807,810	831,467
Larsen & Toubro Infotech Limited, India	Interest	1,660	11,570
L&T Infotech Financial Services Technologies Inc.	Interest	325,112	43,496

### Note 4. Stockholders' equity

#### 4.1 Capital stock

As of 31 December 2018 the variable capital stock is as follows:

Stockholder	Capital	Percentage
Larsen & Toubro Infotech Limited	\$ 2,970	99%
L&T Infotech Financial Services Technologies Inc	\$ 30	1%
Total Capital Stock	\$ 3,000	100%

#### 4.2 Legal reserve

According to the General Law of Commercial Companies, 5% of the net income of each year must be separated to form the legal reserve, until it is equal to one-fifth of the amount of paid-in capital stock. Such legal reserve may be capitalized unless the company dissolves and must be reconstituted when it is reduced due to any reason.

#### 4.3 Contributed capital account (CUCA) and Net tax account (CUFIN)

Distributed profits exceeding CUFIN and CUFINRE accounts (Net Tax Account and Net Tax Account Reinvested) are subject to income tax in accordance with the prevailing rate at the time of distribution.

The tax incurred from dividends paid will be payable by the Company and may be credited against income tax for the year or the following two years. Dividends paid from previously taxed profits are not subject to income tax withholding or additional tax payment.

According to the current Income Tax Law, dividends arising from CUFIN 2014 (profits generated from the year 2014) are subject to an additional tax of 10 percent; when paid to a natural person residing in Mexico or an alien, either natural or legal person, which must be withheld and paid by the Company, if the dividend comes from CUFIN 2013 it will not be subject to this new tax. When the two mentioned CUFIN accounts are not carried separately or when they do not identify the profits mentioned, it is understood that they were generated as of 2014.

The balance as of December 31, 2018, and as of December 31, 2017, from the contributed capital account (CUCA) and the net tax profit account is as follows:

	2018	2017
CUCA	\$ 3,262	\$ 3,112
CUFIN	(1,619,149)	1,400,781

## Notes to the Financial Statements (Contd.)

for the year ended December 31, 2018, and December 31, 2017

### Note 5. Income Tax

The provision for income tax (ISR) in 2018 and 2017 is analyzed as follows:

	2018	2017
ISR incurred	\$ -	\$ 767,792
ISR deferred	(800,549)	(462,044)
Income taxes according to the statement of comprehensive income	<u>\$ ( 800,549)</u>	<u>\$ 305,749</u>

### 5.1 Income Tax (ISR) caused and deferred

On October 2013 the Senators and Representatives Chambers approved the issuance of a new Income Tax Law (LISR) which came into force on January 1, 2014, repealing the LISR published on January 1, 2002. The new Income Tax Law picked the essence of the previous Law, however, made significant changes, among which we can highlight the following:

- It limits deductions on contributions to pension funds and exempt salaries, car leasing, consumption in restaurants and in social security contributions; it also eliminates the immediate deduction in fixed assets.
- It changes the procedure to determine the tax base for Employee Profit Sharing (PTU) participation.
- It establishes a rate for the year 2014 and subsequent years of 30%.

As of December 31, 2018, the Company generated a taxable loss of \$(1,141,904). Taxable income differs from the accounting, mainly due to items that accumulate over time and deduct differently for accounting and tax purposes, by recognizing the effects of inflation for tax purposes, as well as such items only affect the accounting or tax results.

As of December 31, 2018, the main temporary differences, which recognized the deferred income tax, were about the provision of fees for \$ 4,208,640.

### Note 6. Labor obligations

With respect to NIF D-3, the company determines the estimation of the labor obligations to employees considering the calculation of three settlements per year, based on the fact that it is of recent creation and does not have a high risk in this regard.

### Note 7. Ongoing Business

On April 17, 2019, the management of the company has determined that the operation of the company shall be continued despite the losses generated in 2018, expecting contracts for new projects and, if necessary, continuing with the situation of thin capitalization.

### Note 8. New Pronouncements

A series of Financing Reporting Standards [FRS] (*or NIF, for their acronym in Spanish*) issued by the CINIF during December 2013, 2014 and 2015 are described below, which will enter into force in 2019. It is considered that such FRS will not have a material effect on the financial information presented by the Company:

2019

NIF D-5 "Leases". It establishes the rules of valuation, presentation, and disclosure of the leases through a single accounting model by the lessee. It requires the lessee to recognize, from the beginning of the lease:

- Lease liability (income payable at present value), and b) for that same amount, an asset called asset for the right of use, which represents his right to use the underlying leased asset.

Modifies the presentation of the statement of cash flows, presented the payments to reduce the lease liabilities within the financing activities. Likewise, it modifies the recognition of leases on the way back, requiring the seller-lessee to recognize as a sale the rights transferred to the buyer-lessor who do not return it.

2018

NIF C-3 "Accounts Receivable". It establishes the valuation, presentation and disclosure rules for the initial and subsequent recognition of commercial accounts receivable and the other accounts receivable in the financial statements of an economic entity. It specifies that receivables that are based on a contract represent a financial instrument.\*

## Notes to the Financial Statements (Contd.)

for the year ended December 31, 2018, and December 31, 2017

NIF C-9 "Provisions, Contingencies and Commitments". It establishes the rules for valuation, presentation, and disclosure of liabilities, provisions, and commitments, reducing its scope to relocate the item related to financial liabilities in NIF C-19. The definition of liability was modified, eliminating the concept of "virtually unavoidable" and including the term "probable". \*

\* The application of these FRSs is permitted in advance from January 1, 2016, provided that NIF C-2 "Investment in financial instruments", NIF C-3 "Accounts receivable", NIF C-9 "Provisions, contingencies and commitments", NIF C-16 "Impairment of financial instruments receivable", NIF C-19 "Financial instruments payable" and NIF C-20 "Financial instruments receivable" are applied jointly.

NIF D-1 "Revenue from contracts with customers". It establishes the rules for valuation, presentation, and disclosure of revenues that are incurred to obtain or comply with contracts with customers. It establishes the most significant aspects for the recognition of income through the transfer of control, identification of the obligations to fulfill a contract, allocation of the transaction amount and recognition of collection rights. This FRS eliminates the supplement of International Accounting Standard (IAS) 18 "Revenue from ordinary activities", and its interpretations, as established in NIF A-8 "Supplementary". \*\*

NIF D-2 "Costs for contracts with customers". It establishes the rules for valuation, presentation, and disclosure of costs arising from contracts with customers. It establishes the regulations regarding the recognition of costs for contracts with customers and also incorporates the accounting treatment of costs related to contracts for the construction and manufacture of capital goods including costs related to customer contracts. This FRS, in conjunction with FRS D-1, "Revenue from Client Contracts", repeals Bulletin D-7, "Contracts for the Construction and Manufacture of Certain Capital Goods" and INIF 14 "Contracts for Construction, Sale, and Provision of services related to real estate."\*\*\*

\*\* The application of such FRS is allowed in advance, provided it is done jointly.

Improvements to FRS 2017

NIF B-7 "Acquisition of business". The application of the change made in the 2016 improvements is modified, so it should be applied prospectively.

NIF B-13 "Facts after the date of the financial statements". It states that if during a subsequent period (period between the date of the financial statements and the date they are authorized for issuance to third parties) a debtor entity obtains an agreement to maintain the long-term payments for a liability contracted with conditions of long-term debt and has fallen into non-compliance, retains the classification of such liability as a long-term item at the date of the financial statements.

NIF B-6 "Statement of financial position". See improvement established in NIF B-13

NIF C-11 "Stockholders' equity". It is established that the costs of registering on a stock exchange of shares that at the date of such registration were already owned by investors and for which the issuing entity had already received the corresponding funds should be recognized by the entity in net profit or loss at the time of their deferment and not in stockholders' equity, since they are not considered to be related to a capital transaction of the entity. In addition, no profit or loss on the acquisition, replacement, issue or cancellation of the entity's own shares should be recognized within the statement of comprehensive income.

NIF D-3 "Employee Benefits". It establishes that the discount rate to be used in determining the present value of long-term labor liabilities should be a free market rate of, or with very low credit risk, that represents the value of money over time; consequently, the entity could use, indistinctly, either the market rate of government bonds or the market rate of high-quality corporate bonds in absolute terms in a deep market, provided that it supports, in the latter case that it complies with all the requirements established in the NIF.

It also establishes that the resulting difference between the plan assets (AP) achieved by the recognition of interest income estimated during the period and the fair value of the AP at the end of the period should be recognized, optionally, in ORI or profit or loss on the date of its determination, the entity must be consistent in the recognition of the remeasures.

### Note 9. Approval of financial statements

On April 17, 2019, Alekh Gupta, Sole Manager, authorized the issuance of these financial statements and their corresponding notes as of December 31, 2018.

**Alekh Gupta**  
Sole Manager

Place : New Jersey, USA  
Date : April 17, 2019

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 4<sup>th</sup> Annual report and Audited Accounts for the year ended March 31, 2019.

### 1. FINANCIAL HIGHLIGHTS

Particulars	2018-19	2017-18
Total Income	72,087,319	44,181,680
<b>Profit / (Loss) before Tax</b>	<b>9,435,453</b>	<b>7,130,850</b>
Less : Provision for Tax	2,903,866	1,822,379
<b>Net Profit / (Loss) after Tax</b>	<b>6,531,587</b>	<b>5,308,471</b>
Add: Balance brought forward from previous year	9,159,403	3,850,932
<b>Profit for the year (PAT)</b>	<b>15,690,990</b>	<b>9,159,403</b>

### 2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were ₹ 72,087,319 as against ₹ 44,181,680 for the previous financial year registering an increase of 63%. The profit after tax including extraordinary and exceptional items was ₹ 6,531,587 for the financial year under review as against profit of ₹ 5,308,471 for the previous financial year.

### 3. CAPITAL EXPENDITURE

As at March 31, 2019, the gross fixed and intangible assets, stood at ₹ 16,349,474 (previous year ₹ 6,733,136) and the net fixed and intangible assets, at ₹ 10,066,136 (previous year ₹ 2,355,969). Capital Expenditure during the year amounted to ₹ 10,237,074.

### 4. DEPOSITS

During the year ended March 31, 2019, the Company has not accepted and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### 5. TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to reserve.

### 6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan, guarantees, security or made any investment during the financial year 2018-19 as specified under Section 186 of Companies Act, 2013.

### 7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered with related parties during the financial year 2018-19 were in the ordinary course of business and at arm's length. Particulars of contracts or arrangements with related parties referred in Section 188(1) of the Companies Act, 2013, in FORM AOC-2 is attached as Annexure A.

### 8. DIVIDEND

With a view to improve the business performance and conserve financial resources, the Directors have not recommended dividend on equity shares for the financial year 2018-19.

### 9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

After March 31, 2019 and upto the date of this report, there has been no material changes and commitments affecting the financial positions of the Company.

### 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.



## DIRECTORS' REPORT (Contd.)

- B. No technology has been developed and / or imported by way of foreign collaboration.
- C. Foreign exchange earnings and outgo:

S. N.	PARTICULARS	AMOUNT (Rs in Lakhs)	
		31 <sup>ST</sup> MARCH 2019	31 <sup>ST</sup> MARCH 2018
1	Earnings in Foreign Exchange during the year	708.27	435.55
2	Expenditure in Foreign Exchange during the year	NIL	NIL

### 11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review, Mr. Kedar Krishna Gadgil was appointed as an Additional Director with effect from August 30, 2018, to hold office upto the ensuing Annual General meeting ('AGM') of the Company. Further, Mr. Ashok Kumar Sonthalia was appointed as the Non-Executive Chairman of the Company with effect from November 16, 2018.

Mr. Aftab Zaid Ullah stepped down from the Board of Directors with effect from August 30, 2018. The Board places on record the valuable contribution made by Mr. Aftab Zaid Ullah during his tenure as Director and Chairman of the Company.

Mr. Ashok Kumar Sonthalia, Non-Executive Director of the Company, is retiring by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment. The details of Directors proposed to be appointed/re-appointed is given in the Notice convening the AGM.

During the year under review there has been no change in the Key Managerial Personnel of the Company.

### 12. MEETINGS OF THE BOARD OF DIRECTORS

The Board Meetings were convened at appropriate intervals with a maximum time gap not exceeding more than 120 days between two consecutive meetings. During the year under review, five meetings were held on May 11, 2018, July 20, 2018, November 16, 2018, January 17, 2019, and March 27, 2019.

### 13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

### 14. STATUTORY AUDITOR

M/s PSDY & Associates, Chartered Accounts (FRN. 010625S), were appointed as first Statutory Auditors of the Company for a period of five years from the 1<sup>st</sup> AGM till the conclusion of 6<sup>th</sup> AGM of the Company.

The Auditor's Report on the audited Financial Statements of the Company for the year ended March 31, 2019 does not contain any qualification and therefore do not call for any comments from Directors. Further the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India ('ICAI') and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

### 15. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure B.

### 16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## DIRECTORS' REPORT (Contd.)

### 17. STATUTORY DISCLOSURE

The Directors wish to state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 18. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETING

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### 19. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### 20. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, vendors, management of the Holding Company, Financial Institutions, Banks, Central and State Government authorities, and all the various other stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board of Directors**

**Mathansingh Balasingh**  
Director  
(DIN: 07194861)

**Kedar Krishna Gadgil**  
Director  
(DIN: 07224639)

Place: Mumbai  
Date: April 30, 2019

**DIRECTORS' REPORT (Contd.)**

**ANNEXURE – A**

**Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act,2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements /transactions	Duration of the contracts/ arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

2. Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Amount in ₹)	Date(s) of approval by the Board	Amount paid as advances, if any: (Amount in ₹)
SYNCORDIS SA (Luxembourg)	IT Consulting and Support Services	FY 2018-19	65,896,074	07/08/2015	NIL

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: April 30, 2019

**Mathansingh Balasingh**  
Director  
(DIN : 07194861)

**Kedar Krishna Gadgil**  
Director  
(DIN : 07224639)

## DIRECTORS' REPORT (Contd.)

ANNEXURE -B

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**i. REGISTRATION AND OTHER DETAILS:**

S.N.	Particulars	
1	CIN	U72900TN2015FTC101675
2	Registration Date	5 <sup>th</sup> August 2015
3	Name of the Company	Syncordis Software Services India Private limited
4	Category/ Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	Block - 4, 10th Floor, "A" Wing, DLF IT Park (SEZ Campus), 1/124, Shivaji Gardens, Manapakkam, Chennai TN 600089 IN Tel: 044-43527200 Email: syncordis-india@syncordisconsulting.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

S. N.	Name and Description of main products/ services	NIC Code of theProduct/ service	% to total turnover of the company
1	Computer programming, consultancy and related activities	620	100.00

**iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. N.	Name and Address of the Company	CIN/ GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen & Toubro Infotech Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	L72900MH1996PLC104693	Holding Company	100.00	2(46)

## DIRECTORS' REPORT (Contd.)

### iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### a) Category-wise Share Holding

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family*	0	1	1	0.00	0	1	1	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	449,999	449,999	100.00	0	449,999	449,999	100.00	0.00
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A1)</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	0	0	0.00					
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A) = (A1 + A2)</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

## DIRECTORS' REPORT (Contd.)

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
<b>(2)</b>	<b>Non – Institutions</b>									
<b>(a)</b>	<b>Individuals</b>									
(i)	Individual Shareholders holding nominal Equity Share Capital up to ₹1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual Shareholders holding nominal Equity Share Capital in excess of ₹1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
<b>(b)</b>	<b>Bodies Corporate</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>(c)</b>	<b>Any Other (Specify)</b>									
(i)	Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	Non Resident Indians (Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(iv)	Non Resident Indians (Non-Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(v)	Clearing Member	0	0	0	0.00	0	0	0	0.00	0.00
	Trusts	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total Public Shareholding (B) = (B1 + B2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>TOTAL (A+B)</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>	<b>100.00</b>	<b>0.00</b>

\*Mr. Kedar Krishna Gadgil is holding one equity share as a nominee of Larsen & Toubro Infotech Limited.

## DIRECTORS' REPORT (Contd.)

**b) Shareholding of Promoters**

S. N.	Shareholder's Name	Shareholding at the beginning of the year*			Shareholding at the end of the year*			% change in shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Infotech Limited	450,000	100.00	0.00	450,000	100.00	0.00	0.00

*\*Mr. Kedar Gadgil holds one share as a nominee of Larsen & Toubro Infotech Limited*

**c) Change in Promoters' Shareholding: NOT APPLICABLE**

**d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE**

**v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sr. No.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company		No. of shares	% of total shares of the company
1	<b>Kedar Krishna Gadgil</b>		1	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	-	-	-	-	-	-
	At the end of the year					1	0.00

**vi) INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL**

## DIRECTORS' REPORT (Contd.)

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2018-19)

**A Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:**

S. N.	Particulars of Remuneration	Mathansingh Balasingh (Whole-time Director)
1	Gross salary:	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38,84,160
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2	No. of Stock Options granted	-
3	Sweat Equity	-
4	Commission:	
	- as % of profit	-
	- others	-
5	Others (please specify):	
	1. Variable Compensation	8,00,000
	2. Contribution to Provident Fund & Superannuation Fund	1,95,840
	<b>Total</b>	<b>48,80,000</b>

**Notes:**

Pursuant to proviso to Section 2(71) of the Companies Act, 2013 (Act), the Company became deemed public company upon acquisition by Larsen & Toubro Infotech Limited on December 11, 2017. Accordingly, Section 197 of the Act became applicable and shareholders' approval dated February 7, 2018 was taken for payment of remuneration to Mr. Mathansingh Balasingh exceeding the limits laid under Section 197 of Act.

**B. Remuneration to other Directors:**

S.N.	Particulars of Remuneration	Fee for attending Board Meetings	Commission	Total Amount
	<b>Non-Executive Directors</b>			
1	Mr. Kedar Krishna Gadgil	0	0	0
2	Mr. Ashok Kumar Sonthalia	0	0	0
	<b>Total Remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>

**C Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD: NOT APPLICABLE**

viii) PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: April 30, 2019

**Mathansingh Balasingh**  
Director  
(DIN: 07194861)

**Kedar Krishna Gadgil**  
Director  
(DIN: 07224639)



# INDEPENDENT AUDITOR'S REPORT

To the Members of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED**

## Report on the Audit of Financial Statements

### Opinion

We have audited the accompanying financial statements of **M/s. SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the companies (Indian Accounting Standard Rule 2015), as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 on the financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

### Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and protection Fund by the Company.

For **PSDY & Associates**  
Chartered Accountants  
FRN: 010625S

**Yashvant G**  
Partner  
M.No: 209865

Place: Chennai  
Date: April 30, 2019

## ANNEXURE “A” TO THE AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Member of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** of even date)

- i. In respect of fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company.
- ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, Paragraph 3(iii) of the order is not applicable to the company.
- iv. The Company has made no investments, loans, guarantees and security. Therefore, Section 185 and 186 of the Companies Act, 2013 is not applicable to the Company.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3(v) of the order is not applicable to the company.
- vi. The maintenance of the cost record has not been specified by the Central Government under section 148(1) of the companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the company.
- vii.
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, value added tax, Goods and Services Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
  - b. According to the information and explanations given to us, the company has no disputed amount payable in respect of Provident Fund, Employees’ State Insurance, Income tax, sales tax, service tax, Goods and Services Tax and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they become payable.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year hence reporting under clause. Hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company is private limited and so the provisions of section 197 read with Schedule V to the Companies Act relating to managerial remuneration is not applicable. Accordingly, paragraph 3 (xii) of the order does not apply.
- xii. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (Contd.)**

- xv. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For PSDY & Associates**

Chartered Accountants

FRN: 010625S

**Yashvant G**

Partner

M.No: 209865

Place: Chennai  
Date: April 30, 2019

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT (Contd.)

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For PSDY & Associates**  
Chartered Accountants  
FRN: 010625S

Place: Chennai  
Date: April 30, 2019

**Yashvant G**  
Partner  
M.No: 209865

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

CIN: U72900TN2015FTC101675

Particulars	Note	March 31, 2019 ₹	March 31, 2018 ₹
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Property, Plant and Equipment	1	9,825,364	1,894,482
b) Capital work-in-progress		-	-
c) Other intangible assets		240,772	461,487
d) Intangible assets under development		-	-
e) Financial Assets			
i) Loans	4	2,113,025	-
ii) Other financial assets	5	-	-
f) Deferred tax assets (net)	6	23,230	92,711
g) Other non-current assets	8	1,410,145	-
		<u>13,612,536</u>	<u>2,448,680</u>
<b>Current assets</b>			
a) Inventories		-	-
b) Financial Assets			
i) Investments		-	-
ii) Trade receivables	2	9,321,430	4,761,120
iii) Cash & Cash Equivalents	3	6,106,530	6,916,264
iv) Loans	4	-	1,050,000
v) Other financial assets	5	47,440	-
c) Current Tax Assets (net)	7	-	-
d) Other current assets	8	1,249,320	1,037,845
		<u>16,724,720</u>	<u>13,765,229</u>
<b>TOTAL</b>		<b><u>30,337,256</u></b>	<b><u>16,213,909</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity Share capital	9	4,500,000	4,500,000
b) Other Equity	10	15,690,990	9,159,403
		<u>20,190,990</u>	<u>13,659,403</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11	-	-
ii) Other financial liabilities	13	-	-
b) Provisions	15	2,300,452	-
c) Deferred tax liabilities (net)	6	-	-
d) Other non-current liabilities	14	-	-
		<u>2,300,452</u>	<u>-</u>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11	-	-
ii) Trade payables	12	4,619,564	444,699
iii) Other financial liabilities	13	1,200,000	900,000
b) Other current liabilities	14	1,076,695	612,717
c) Provision	15	787,464	304,299
d) Current Tax Liabilities (Net)	15	162,091	292,791
		<u>7,845,814</u>	<u>2,554,506</u>
<b>Total Equity and Liabilities</b>		<b><u>30,337,256</u></b>	<b><u>16,213,909</u></b>
Significant accounting policies and other notes	A		

As per our report attached

**PSDY & Associates**

Chartered Accountants

Firm's Registration No.: 010625S

**Yashvant G**

Partner

Membership No.: 209865

Place: Chennai

Date : April 30, 2019

**Mathansingh Balasingh**

Wholetime Director

DIN : 07194861

Place: Chennai

Date : April 30, 2019

**Kedar Krishna Gadgil**

Additional Director

DIN : 07224639

Place: Mumbai

Date : April 30, 2019



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2019

CIN:U72900TN2015FTC101675

Particulars	Note	2018-19		2017-18	
		₹	₹	₹	₹
<b>REVENUE</b>					
Revenue from Operations	16		70,827,377		43,554,870
Other income	17		1,259,942		626,810
<b>Total income</b>			<b>72,087,319</b>		<b>44,181,680</b>
<b>EXPENSES</b>					
Operating expenses	18		4,074,441		1,322,832
Employee benefit expense	19		42,434,077		26,865,566
Finance costs	20		-		-
Depreciation, amortisation and obsolescence	1		2,374,928		1,825,010
Other expenses	21		13,768,420		7,037,422
<b>Total expenses</b>			<b>62,651,866</b>		<b>37,050,830</b>
<b>Profit before tax</b>			9,435,453		7,130,850
Tax Expense:					
Current tax			2,834,385		1,980,000
Adjustment of tax relating to earlier periods			-		-
MAT credit entitlement			-		-
Deferred tax			69,481		(157,621)
			2,903,866		1,822,379
<b>Profit for the year</b>			<b>6,531,587</b>		<b>5,308,471</b>
<b>Prior period adjustments</b>			-		-
<b>Profit for the year</b>			6,531,587		5,308,471
<b>Other Comprehensive Income</b>	22				
Nature					
Income-tax effect					
i) Items that will not be reclassified to profit or loss (net of tax)			-		-
ii) Items that will be reclassified to profit or loss (net of tax)			-		-
<b>Total comprehensive income for the year</b>			<b>6,531,587</b>		<b>5,308,471</b>
Earnings per equity share (Basic and Diluted)	A 6		14.51		11.80
Face value per equity share			10.00		10.00

As per our report attached  
**PSDY & Associates**  
 Chartered Accountants  
 Firm's Registration No.: 010625S

**For and on behalf of the Board**

**Yashvant G**  
 Partner  
 Membership No.: 209865

**Mathansingh Balasingh**  
 Wholetime Director  
 DIN : 07194861

**Kedar Krishna Gadgil**  
 Additional Director  
 DIN : 07224639

Place: Chennai  
 Date : April 30, 2019

Place: Chennai  
 Date : April 30, 2019

Place: Mumbai  
 Date: April 30, 2019

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

CIN:U72900TN2015FTC101675

Sr. No.	Particulars	2018-19 ₹	2017-18 ₹
<b>A</b>	<b>Net Profit before tax and extraordinary items</b>	9,435,453	7,130,850
	<b>Adjustments for</b>		
	Depreciation and amortisation expense	2,374,928	1,825,010
	Interest income	-	(146,788)
	Loss on sale of Fixed asset	91,265	-
	(Gain)/loss on exchange rate fluctuation (net)	-	-
	Exceptional Items	-	-
	<b>Operating profit before working capital changes</b>	<b>11,901,646</b>	<b>8,809,072</b>
	<b>Adjustments for:</b>		
	Increase / (Decrease) in provisions	2,783,617	1,204,299
	Increase / (Decrease) in trade payables and other financial liabilities	4,938,844	408,189
	(Increase) / Decrease in Trade Receivables	(4,560,310)	(4,761,120)
	(Increase) / Decrease in short term loans and advances	(1,063,025)	-
	(Increase) / Decrease in other current and non-current assets	(1,621,621)	(821,612)
	<b>Net cash generated from/(used in) operating activities</b>	<b>12,379,151</b>	<b>4,838,828</b>
	Direct taxes paid (net of refunds)	2,965,086	1,980,553
	<b>Net Cash(used in)/generated from Operating Activities</b>	<b>9,414,065</b>	<b>2,858,275</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of Property plant and equipment and intangible assets	(10,237,074)	(2,015,685)
	Sale of property plant and equipment and intangible assets	60,715	-
	Purchase of current investments	-	67,799
	(Purchase)/Sale of current investments	(47,440)	-
	Intercompany deposits (placed)/refunded (net)	-	-
	Dividend received from current investments	-	-
	Interest received	-	146,788
	<b>Net cash (used in)/generated from investing activities</b>	<b>(10,223,799)</b>	<b>(1,801,098)</b>
<b>C</b>	<b>Cash flow from financing activities</b>		
	Proceeds from issue of capital	-	-
	Interest paid	-	-
	<b>Net cash (used in)/generated from financing activities</b>	<b>-</b>	<b>-</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(809,734)</b>	<b>1,057,177</b>
	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>6,916,264</b>	<b>5,859,087</b>
	<b>Cash and cash equivalents as at the end of the year</b>	<b>6,106,530</b>	<b>6,916,264</b>

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances. (Refer Note 5 for the components of cash and cash equivalents)
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached  
**PSDY & Associates**  
 Chartered Accountants  
 Firm's Registration No.: 010625S

**For and on behalf of the Board**

**Yashvant G**  
 Partner  
 Membership No.: 209865

**Mathansingh Balasingh**  
 Wholetime Director  
 DIN : 07194861

**Kedar Krishna Gadgil**  
 Additional Director  
 DIN : 07224639

Place: Chennai  
 Date : April 30, 2019

Place: Chennai  
 Date : April 30, 2019

Place: Mumbai  
 Date : April 30, 2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

CIN : U72900TN2015FTC101675

### A Equity Share Capital

Particulars	Note	No of shares	₹
<b>Balance as at 1 April 2018</b>		450000	4,500,000
Changes in equity share capital during the year	9	-	-
<b>Balance as at 31 March 2019</b>		450000	4,500,000
Changes in equity share capital during the year	9	-	-
<b>Balance as at 31 March 2019</b>		450000	4,500,000

### B Other Equity

Particulars	Reserves & Surplus
	Retained earnings
<b>Balance as at 01 April 2017</b>	<b>3,850,932</b>
Changes in accounting policy or prior period errors	-
Restated balance as at the beginning of the reporting period	-
Transfer to retained earnings	-
Profit for the year	5,308,471
Other comprehensive income	-
Total comprehensive income for the year	5,308,471
<b>Balance as at 31 March 2018</b>	<b>9,159,403</b>
<b>Balance as at 01 April 2018</b>	9,159,403
Changes in accounting policy or prior period errors	-
Restated balance as at the beginning of the reporting period	-
Transfer to retained earnings	-
Profit for the year	6,531,587
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>6,531,587</b>
Other comprehensive income	-
Issue of share capital	-
Total comprehensive income for the year	-
<b>Balance as at 31 March 2019</b>	<b>15,690,990</b>

As per our report attached  
**PSDY & Associates**  
 Chartered Accountants  
 Firm's Registration No.: 010625S

**For and on behalf of the Board**

**Yashvant G**  
 Partner  
 Membership No.: 209865

**Mathansingh Balasingh**  
 Wholetime Director  
 DIN : 07194861

**Kedar Krishna Gadgil**  
 Additional Director  
 DIN : 07224639

Place: Chennai  
 Date : April 30, 2019

Place: Chennai  
 Date : April 30, 2019

Place: Mumbai  
 Date: April 30, 2019

## NOTES FORMING PART OF ACCOUNTS

### 1 Property, Plant and Equipment

2017-18

Particulars	Gross Carrying Amount			Depreciation			Book Value		
	April 01, 2017	Additions	Disposals	March 31, 2018	April 01, 2017	For the year	On Disposals	March 31, 2018	April 01, 2017
<b>Tangible Assets Owned</b>									
Land	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-
Furniture and fixtures	48,090	-	-	48,090	17,817	7,836	-	22,437	30,273
Vehicles	-	-	-	-	-	-	-	-	-
Office equipment	633,373	19,924	-	653,297	362,141	126,836	-	164,320	271,232
Computers, laptops and printers	2,486,077	1,674,658	-	4,160,735	1,203,819	1,249,191	-	1,707,725	1,282,258
<b>Intangible Assets</b>									
Software	1,549,911	321,103	-	1,871,014	968,380	441,147	-	461,487	581,531
<b>Total</b>	<b>4,717,451</b>	<b>2,015,685</b>	<b>-</b>	<b>6,733,136</b>	<b>2,552,157</b>	<b>1,825,010</b>	<b>-</b>	<b>2,355,969</b>	<b>2,165,294</b>

2018-19

Particulars	Gross Carrying Amount			Depreciation			Book Value		
	April 01, 2018	Additions	Disposals	March 31, 2019	April 01, 2018	For the year	On Disposals	March 31, 2019	March 31, 2018
<b>Tangible Assets Owned</b>									
Land	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	2,378,301	-	2,378,301	-	239,802	-	2,138,499	-
Plant and Equipment - I	-	1,899,479	-	1,899,479	-	252,904	-	1,646,575	-
Plant and Equipment - II	-	396,852	-	396,852	-	30,714	-	366,138	-
Furniture and fixtures	48,090	2,095,680	48,090	2,095,680	25,653	320,564	26,131	1,775,594	22,437
Office equipment	653,297	564,534	572,646	645,185	488,977	130,203	442,626	468,631	164,320
Computers, laptops and printers	4,160,735	2,840,305	-	7,001,040	2,453,010	1,118,103	-	3,429,927	1,707,725
<b>Intangible assets</b>									
Software	1,871,014	61,923	-	1,932,937	1,409,527	282,638	-	240,772	461,487
<b>Total</b>	<b>6,733,136</b>	<b>10,237,074</b>	<b>620,736</b>	<b>16,349,474</b>	<b>4,377,167</b>	<b>2,374,928</b>	<b>468,757</b>	<b>10,066,136</b>	<b>2,355,969</b>

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 2. Trade receivables

Particulars	March 31, 2019 Current ₹	March 31, 2018 Current ₹
Unsecured, considered good		
From Related parties		
Debts outstanding for a period exceeding six months		
Others	9,321,430	4,761,120
From others	-	-
Debts outstanding for a period exceeding six months	-	-
Others	-	-
	<b>9,321,430</b>	<b>4,761,120</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

### 3 Cash and cash equivalents

Particulars	March 31, 2019 ₹	March 31, 2018 ₹
a) Balances with banks		
In Current Accounts	6,079,081	6,867,921
In Fixed Deposits	-	-
In Recurring Deposits	-	-
b) Cash on hand	27,449	48,343
	<b>6,106,530</b>	<b>6,916,264</b>

### 4 Loans

Particulars	March 31, 2019			March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹
Security Deposits	-	2,113,025	2,113,025	1,050,000	-	1,050,000
	-	<b>2,113,025</b>	<b>2,113,025</b>	<b>1,050,000</b>	-	<b>1,050,000</b>

### 5 Other financial assets

Particulars	March 31, 2019			March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹
Advances to employees	47,440	-	47,440	-	-	-
	<b>47,440</b>	-	<b>47,440</b>	-	-	-

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 6 Deferred Tax Assets (net)

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
<b>Deferred Tax Liabilities</b>						
Depreciation / Amortisation	-	-	-	-	-	-
Preliminary Expenses	-	1,766	1,766	-	-	-
<b>Deferred Tax Assets</b>						
Depreciation / Amortisation	-	13,296	13,296	-	69,536	69,536
Preliminary Expenses	-	11,700	11,700	-	23,175	23,175
<b>Deferred Tax Assets / (Liabilities)</b>	<b>-</b>	<b>23,230</b>	<b>23,230</b>	<b>-</b>	<b>92,711</b>	<b>92,711</b>

### 7 Current Tax Assets (net)

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
TDS receivable current year	-	-	-	-	-	-
Provision for current tax	-	-	-	-	-	-
	-	-	-	-	-	-

### 8 Other non-current and current assets

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
<b>Advance recoverable other than in cash</b>						
Prepaid expenses	640,770	1,410,145	2,050,915	246,673	-	246,673
Dues from Revenue Authorities	608,550	-	608,550	791,172	-	791,172
	<b>1,249,320</b>	<b>1,410,145</b>	<b>2,659,465</b>	<b>1,037,845</b>	<b>-</b>	<b>1,037,845</b>

### 9 Share Capital

#### (i) Authorised, issued, subscribed and paid up

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹	No. of shares	₹
Authorised:				
Equity shares of ₹ 10 each	450,000	4,500,000	450,000	4,500,000
Issued, subscribed and fully paid up	450,000	4,500,000	450,000	4,500,000
<b>Equity shares of ₹ 10 each</b>	<b>450,000</b>	<b>4,500,000</b>	<b>450,000</b>	<b>4,500,000</b>

## NOTES FORMING PART OF ACCOUNTS (Contd.)

**(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:**

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹	No. of shares	₹
At the beginning of the year	450,000	4,500,000	450,000	4,500,000
Issued during the year as fully paid	-	-	-	-
<b>At the end of the year</b>	<b>450,000</b>	<b>4,500,000</b>	<b>450,000</b>	<b>4,500,000</b>

**(iii) Terms / rights attached to equity shares**

- The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
- The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.
- The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.
- The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

**(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:**

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹	No. of shares	₹
L&T Infotech Ltd	449,999	4,499,990	449,999	4,499,990
Mr. Kedar Gadgil (As nominee shareholder for Larsen & Toubro Infotech Limited)	1	10	1	10
	<b>450,000</b>	<b>4,500,000</b>	<b>450,000</b>	<b>4,500,000</b>

**(v) Details of Shareholders holding more than 5% shares in the company:**

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹	No. of shares	₹
L&T Infotech Ltd	449,999	99.99%	449,999	99.99%
	<b>449,999</b>	<b>99.99%</b>	<b>449,999</b>	<b>99.99%</b>

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL (Previous period of five years ended 31 March 2018 : Nil )

(vii) Calls unpaid : NIL; Forfeited Shares : NIL (Previous period of five years ended 31 March 2018: Nil)

**10 Other equity**

Particulars	March 31, 2019		March 31, 2018	
	₹	₹	₹	₹
<b>Suplus / (Deficit) in Statement of profit or loss</b>				
Balance at the beginning of the year	9,159,403		3,850,932	
Profit for the year	6,531,587		5,308,471	
Other comprehensive income arising from remeasurement of defined benefit obligation (net of tax)	-		-	
		15,690,990		9,159,403
		<b>15,690,990</b>		<b>9,159,403</b>

**B Suplus / (Deficit) in Statement of profit or loss**

Surplus / (Deficit) in profit or loss represents the accumulated profits / losses of the Company.

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 11 Borrowings

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
<b>Secured borrowings</b>						
a) Term loans						
i) From banks	-	-	-	-	-	-
ii) From others	-	-	-	-	-	-
<b>Unsecured borrowings</b>						
a) Loans from related parties	-	-	-	-	-	-
	-	-	-	-	-	-
Less: current maturities included in "other financial liabilities"	-	-	-	-	-	-
	-	-	-	-	-	-

### 12 Trade payables

Particulars	March 31, 2019	March 31, 2018
	₹	₹
a) Due to micro and small enterprises	5,850	-
b) Due to related parties	4,000,000	-
c) Due to others	301,931	-
d) Accrued Expenses	311,783	444,699
	<b>4,619,564</b>	<b>444,699</b>

### 13 Other financial liabilities

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
a) Employee Liabilities-Bonus	1,200,000	-	1,200,000	900,000	-	900,000
	<b>1,200,000</b>	<b>-</b>	<b>1,200,000</b>	<b>900,000</b>	<b>-</b>	<b>900,000</b>

### 14 Other liabilities

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
a) Statutory payables	1,076,695	-	1,076,695	612,717	-	612,717
	<b>1,076,695</b>	<b>-</b>	<b>1,076,695</b>	<b>612,717</b>	<b>-</b>	<b>612,717</b>



## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 15 Provisions

Particulars	March 31, 2019			March 31, 2018		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Provision for employee benefits						
b) Leave Encashment	785,256	1,307,001	2,092,257	304,299	-	304,299
c) Gratuity liability	2,208	993,451	995,659	-	-	-
Provision for Taxation (Net)	162,091	-	162,091	292,791	-	292,791
	<b>949,555</b>	<b>2,300,452</b>	<b>3,250,007</b>	<b>597,090</b>	<b>-</b>	<b>597,090</b>

### 16 Revenue from operations

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
<b>Operating revenue:</b>				
IT Solutions & Consulting Services	70,827,377		43,554,870	
		70,827,377		43,554,870
		<b>70,827,377</b>		<b>43,554,870</b>

### 17 Other income

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
Interest income from:				
Bank deposits	-		146,788	
Income tax refund	-		-	146,788
		-		
Net gain/(loss) on Foreign Exchange Fluctuation		1,259,942		480,022
Miscellaneous income		-		-
		<b>1,259,942</b>		<b>626,810</b>

### 18 Operating expenses

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
Manpower Consultancy		394,060		179,125
Repairs and maintenance		3,192,525		906,871
Power and fuel		487,857		236,836
		<b>4,074,441</b>		<b>1,322,832</b>

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 19 Employee benefit expenses

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
Salaries, wages and bonus [Refer note (a) below]		36,246,772		24,629,202
Contributions to and provisions for:				
Provident and pension funds (Refer note)	1,966,451		1,323,013	
Leave Entitlement	1,787,958		304,299	
Gratuity Fund	995,659		-	
Others	-		-	
		4,750,068		1,627,312
Staff welfare expenses		1,437,236		609,052
		<b>42,434,077</b>		<b>26,865,566</b>

### 20 Finance costs

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
Interest on borrowings		-		-
Other borrowing cost		-		-
		-		-

### 21 Other expenses

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
Rent, Rates and taxes		7,254,309		1,550,959
Professional fees		1,208,067		298,375
Postage and communication		8,662		14,184
Printing and stationery		108,580		28,126
Travelling and conveyance		2,744,473		3,810,488
Telephone & Telegrams		1,745,566		564,374
Insurance		7,730		13,921
Loss on asset held for sale		91,265		-
Bank Charges		36,658		61,307
Accounting Charges		96,000		84,000
Miscellaneous expenses		17,110		6,688
Professional fees includes Auditors remuneration				
a) As auditor		200,000		185,000
b) For taxation matters		250,000		420,000
c) For company law matters		-		-
d) For other services		-		-
		<b>13,768,420</b>		<b>7,037,422</b>

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### 22 Other comprehensive income

Particulars	2018-19		2017-18	
	₹	₹	₹	₹
a) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	-	-	-	-
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
b) Items that will be reclassified to profit or loss	-	-	-	-
<b>Total</b>	-	-	-	-

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### A1 Corporate Information

Syncordis Software Services India Private Limited ("the Company"), was promoted by Syncordis S.A, Luxembourg as its 100% Subsidiary in August 2015, wholly owned by Larsen & Toubro Infotech Limited ("LTI"). The Company provides IT consultancy and support services exclusively for the FSI supported by the Temenos T24 banking system.

During the year 2017-18 Larsen & Toubro Infotech Limited acquired 100% shares of the company from Syncordis S.A, Luxembourg, thus becoming its wholly owned Subsidiary .

### A2 Significant Accounting Policies

#### a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards Amendment) Rules, 2016 and Companies (Indian Accounting Standards Amendment) Rules 2017.

Amount in financial statements are presented in Indian Rupees as permitted by schedule III to the companies Act, 2013

#### b. Presentation of financial statements

The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### c. Operating cycle for current and non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realized/settled, or is intended for sale or consumption, in the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realized/due to be settled within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or
- v. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

#### d. Revenue Recognition

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated rebates and other similar allowances.

Revenue from Software Development, Implementation and Support Services recognized on full cost (deducted by Cost incurred towards services rendered to Syncordis UK and LTI chennai) plus margin as agreed with Syncordis SA.

Revenue from contracts priced on time and material basis is recognised when services are rendered and related costs are incurred."

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### e. Other Income

- I) Interest income is accrued at applicable interest rate.
- II) Dividend income is accounted in the period in which the right to receive the same is established.
- III) Other items of income are accounted as and when the right to receive arises.

### f. Employee benefits

#### i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

#### ii) Post Employment Benefits

##### a. Defined contribution plan

The company's state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service.

##### b. Defined Benefit Plans

The company has formed employees gratuity fund trust on 8th day of October 2018, and has made an application for approval of a Gratuity Fund under sub-rule (1) of Rule 4 of Part 'C' of the Fourth schedule of Income Tax Act 1961. The Present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans is based on the market yields on government bonds as at the balance sheet date having maturity periods approximating to the terms of related obligations.

##### c. Long term employment benefits

The obligation for long term employee benefits like long term compensation absences is recognised as determined by actuarial valuation performed by independent actuary at each balance sheet date using Projected Unit Credit Method on the additional amount expected to be paid / availed as a result of unused entitlement that has accumulated at balance sheet date.

### g. Property, plant and equipment

Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

### h. Intangible assets

Computer softwares are stated at cost less accumulated depreciation, amortisation and impairment.

### i. Impairment of Assets

As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

### j. Leases

#### Operating Lease:

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to the profit and loss account on accrual basis.

### k. Depreciation

#### i) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on addition and disposal are calculated on pro-rata basis from and to the month of additions and disposal.

Sr. No.	Particulrs	Useful Life
1	Computer and IT Peripherals	Upto 3 years
2	Plant and Machinery	Upto 15 years
3	Office Equipment	Upto 5 years
4	Furniture and Fixtures	Upto 10 years

#### ii) Intangible assets

The estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition and other economic factor and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

Sr. No.	Particulrs	Useful Life
1	Computer Software	Upto 3 years

### l. Functional and presentation currency

The functional and presentation currency of the company is the Indian Rupee as it is the currency of primary economic environment in which the company operates.

### m. Foreign currency transactions and balances

Foreign currency transactions are intially recorded at the rates prevailing on the date of transaction. At the balance sheet date, foreign currency monetary item are reported using the closing rate.

### n. Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Financial assets

##### Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

### Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income."

### ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

#### Subsequent measurement

Fair value through profit or loss (FVTPL): Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss."

### o. Income Tax

#### Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### p. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks.

### q. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I) the Company has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

- I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date."

### r. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

- I) Segment revenue is the revenue directly identifiable with or allocable to the segment.
- II) Expenses that are directly identifiable with or allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with or allocable to segments are included under "unallocable expenses".
- III) Other income which relates to the Company as a whole and not identifiable with or allocable to segments is included in "unallocable income".
- IV) Assets and liabilities used in the Company's business are not identified to any of the reportable segment as these are used interchangeably.

### s. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

### A3 Dues to micro enterprises and small enterprises

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier and vendors of the company. Based on the information available with the Company, as at the year end, there is only one vendor classified as MSMED having a total outstanding dues of INR 5,850/-.

### A4 Disclosure of Related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

#### a) Parent company / Ultimate holding company : Larsen & Toubro Infotech Limited



## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

**b) Key Management Personnel:**

Name	Status
Mr. Mathansingh Balasingh	Whole Time Director
Mr. Ashok Kumar Sonthalia	Director
Mr. Kedar Krishna Gadgil	Additional Director

**c) List of related parties with whom there were transactions during the year:**

Name	Relationship
Larsen & Toubro Infotech Limited	Holding Company
Syncordis SA, Luxembourg	Fellow Subsidiary
Syncordis Limited, UK	Fellow Subsidiary

Details of transactions between the Company and other related parties are disclosed below.

Particulars	Holding Company	
	2018-19 ₹	2017-18 ₹
a. Rendering IT and Support services	1,487,360	-
b. Purchase of Asset	6,247,122	-
c. Overheads Charged by	371,623	-

Particulars	Fellow subsidiaries	
	2018-19 ₹	2017-18 ₹
<b>1) Rendering IT and Support services</b>		
• Syncordis SA, Luxembourg	65,896,074	43,554,870
• Syncordis Limited, UK	3,443,943	-

**Key management personnel compensation**

Particulars	2018-19 ₹	2017-18 ₹
<b>1) Short-term employee benefits</b>		
• Mathansingh Balasingh	4,880,000	4,291,020

**Amount due to and due from related parties(net):**

Particulars	Amounts due (to)/from	
	March 31, 2019	March 31, 2018
Larsen & Toubro Infotech Limited	[3,546,400]	-
Syncordis SA, Luxembourg	6,476,684	4,761,120
Syncordis Limited, UK	1,079,426	-

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31<sup>st</sup> March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31<sup>st</sup> March 2018: INR Nil.). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

- e) No amount of due from related parties has been written off during the year (Previous year ₹ Nil). No amount due to related parties has been written back during the year (Previous year ₹ Nil). For the year ended March 31, 2019, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2018 : ₹ Nil.). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

### A5 Deferred Tax Asset/Liability

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

Major components of Deferred tax liabilities and assets

Particulars	March 31, 2019	March 31, 2018
	₹	₹
a) WDV of Assets	(1,766)	69,536
b) Preliminary Expenses	11,700	23,175
c) Amortisation / Unwinding of Rental Advance	13,296	-
<b>Net Deferred Tax Assets/ ( Liabilities)</b>	<b>23,230</b>	<b>92,711</b>

### A6 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2017-18	2016-17
		₹	₹
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	6,531,587	5,308,471
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	450,000	450,000
<b>Basic and diluted earnings per equity share (₹)</b>	<b>A / B</b>	<b>14.51</b>	<b>11.80</b>
<b>Diluted earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	6,531,587	5,308,471
Add : Interest on convertibles (net of tax)	B	-	-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	6,531,587	5,308,471
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	450,000	450,000
Add : Shares deemed to be issued for no consideration in respect of :	E	-	-
Compulsorily convertible preference share capital	F	-	-
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	450,000	450,000
<b>Diluted earnings per equity share (₹)</b>		<b>14.51</b>	<b>11.80</b>
Face value per equity share (₹)		10.00	10.00

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### A7 Financial Instruments

#### Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	March 31, 2019			March 31, 2018		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Cash and cash equivalents	3	-	-	6,106,530	-	-	6,916,264
Security Deposits	4	-	-	2,113,025	-	-	1,050,000
Trade receivables	2	-	-	9,321,430	-	-	4,761,120
Other Financial Assets	5	-	-	-	-	-	-
<b>Total Financial Asset</b>		-	-	<b>17,540,984</b>	-	-	<b>12,727,384</b>
<b>Financial liability</b>							
Term loans from banks		-	-	-	-	-	-
Loans from related parties		-	-	-	-	-	-
Other Financial Liabilities		-	-	-	-	-	-
<b>Total Financial Liabilities</b>		-	-	-	-	-	-

### A7 Fair Value Measurement

#### Fair Value Measurement of Financial asset and Financial liabilities

##### Fair value hierarchy

##### As at March 31, 2019

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Security Deposits	4	-	-	2,113,025	2,113,025
<b>Total of Financial Assets</b>		-	-	<b>2,113,025</b>	<b>2,113,025</b>
<b>Financial Liabilities</b>					
Term Loans from Banks		-	-	-	-
Loans from related parties		-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

##### As at March 31, 2019

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
<b>Financial asset measured at FVTPL</b>					
		-	-	-	-
<b>Total of Financial Assets</b>		-	-	-	-
<b>Financial Liabilities measured at FVTPL</b>					
		-	-	-	-
<b>Total of Financial Liabilities</b>		-	-	-	-

**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2019

As at March 31, 2018

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Security Deposits	4	-	-	1,050,000	1,050,000
<b>Total of Financial Assets</b>		-	-	<b>1,050,000</b>	<b>1,050,000</b>
<b>Financial Liabilities</b>					
Term Loans from Banks		-	-	-	-
Loans from related parties		-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

As at March 31, 2018

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
<b>Financial asset measured at FVTPL</b>		-	-	-	-
<b>Total of Financial Assets</b>		-	-	-	-
<b>Financial Liabilities measured at FVTPL</b>		-	-	-	-
<b>Total of Financial Liabilities</b>		-	-	-	-

**Financial Risk Management**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**Market risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**i. Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

**ii. Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is not exposed to Interest rate risk as there are no borrowings.

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk].

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified funds.

### iv. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

### v. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## A8 Disclosure pursuant to Ind AS 12 - "Income taxes"

The major components of income tax expense for years ended 31 March 2019 and 31 March 2018 are :

Particulars	March 31, 2019	March 31, 2018
	₹	₹
<b>Current income Tax :</b>		
Current income tax charge	2,834,385	1,980,000
Adjustments of current tax of previous year	-	-
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	69,481	(157,621)
Relating to rate change or imposition of new taxes	-	-
Arising due to a write down of a deferred tax asset	-	-
<b>Income tax reported in the statement of profit and loss</b>	<b>2,903,866</b>	<b>1,822,379</b>
<b>Current Tax and Deferred Tax - Equity</b>	-	-
( Mention details of items directly charged to equity)		

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018:

Particulars	March 31, 2019	March 31, 2018
	₹	₹
Accounting profit before tax	9,435,453	7,130,850
Applicable tax rate	26.00%	25.75%
<b>Profit before tax * Applicable tax rate</b>	<b>2,453,218</b>	<b>1,836,194</b>
Effect of Deferred Taxes	69,481	(157,621)
Short & (Excess) Provision adjusted	334,585	(1,434)
Difference in tax for items which are not allowed as a deduction	46,583	145,240
Income tax expense reported in the statement of profit and loss	<b>2,903,866</b>	<b>1,822,379</b>

## **NOTES ACCOMPANYING THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

### **A9 Events occurring after the reporting period**

The financial statements were approved by the Board of Directors on April 30, 2019 and there are no significant events occurring after Balance sheet date.

### **A10 Investor Education and Protection Fund**

The Company is not required to transfer any amount to Investor Education and Protection Fund.

As per our report attached  
**PSDY & Associates**  
Chartered Accountants  
Firm's Registration No.: 010625S

**Yashvant G**  
Partner  
Membership No.: 209865

Place: Chennai  
Date : April 30, 2019

**Mathansingh Balasingh**  
Wholetime Director  
DIN : 07194861

Place: Chennai  
Date: April 30, 2019

**For and on behalf of the Board**

**Kedar Krishna Gadgil**  
Additional Director  
DIN : 07224639

Place: Mumbai  
Date: April 30, 2019

## MANAGEMENT REPORT ON 31<sup>ST</sup> DECEMBER 2018

Dear Sole Shareholder,

We have the honor to present to you, our report, and the annual accounts, for the year ended on 31<sup>st</sup> December 2018, for approval.

### Evolution of business and the company's position

The balance sheet total for the year ended on 31<sup>st</sup> December 2018 is EUR 6,781,294.37

We have ended the current financial year with a profit of EUR 976,971.53

We recommend to allocate the profit of the financial year of EUR 976,971.53 to profit or loss brought forwards.

We request you to grant full discharge to the Administrators and the Auditor for the execution of their mandate until 31<sup>st</sup> December 2018.

On 11<sup>th</sup> September 2018, the Board of Administrators approved appointment of Mr. Satyakanta Samal as a Director of the Company. The Board also took on record resignation of Mr. Aftab Zaid Ullah with effect from 30<sup>th</sup> August 2018.

### Significant events after the balance sheet closure

No significant events have occurred since the 2018 balance sheet closure.

### Foreseeable development of the company

The company will continue its activities focused on the realization of investments, management and development based on the opportunities that will be identified and agreed by the Board of Administrators.

### Activities in research and development

None.

### Existence of branches

The company has no branch in the close of the 2018 financial year.

### Proposal for profit appropriation

The accounts presented show a profit of 976,971.53:

Incomes amounted to	15,316,308.57 EUR
and charges to	14,339,337.04 EUR
Profit of the exercise as at 31 <sup>st</sup> December 2018	976,971.53 EUR

We recommend to bring forward the profit of the year to the next year :

In accordance with the proposal of the Board of Administrators, the allocation of available results is as follows:

	Statutory reserve	Other reserves	Profit or Loss carried forward	Net Profit or Loss for the year	Interim dividends
As of 31/12/2018	3,480.00	192,697.50	1,252,728.85	976,971.53	-
Movements during the year:					
Allocation to the five years reserve fund	-	61,000.00	-	-61,000.00	-
Transfer from previous reserve	-	-25,000.00	25,000.00	-	-
Allocation of results after year-end	-	-	915,971.53	-915,971.53	-
Dividend distribution	-	-	-	-	-
	<b>3,480.00</b>	<b>228,697.50</b>	<b>2,193,700.38</b>	<b>-</b>	<b>-</b>

Done in Strassen, the 8<sup>th</sup> April 2019

**Mr Guillaume DESJONQUERES**  
Administrator

**Mr Luc GESQUIERE**  
Administrator

# AUDIT REPORT

To the Shareholder of Syncords S.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SYNCORDIS S.A. (the "Company"), which comprise the balance sheet as at 31<sup>st</sup> of December 2018, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> of December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of "Reviseur d'Entreprises Agree" for the Audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "Reviseur d'Entreprises Agree" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the "Reviseur d'Entreprises Agree" for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Reviseur d'Entreprises Agree" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.



## AUDIT REPORT (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 report of the "Reviseur d'Entreprises Agree" to the related disclosures in the 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 report of the "Reviseur d'Entreprises Agree". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

### Report on Other legal and Regulatory Requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable requirements.

Luxembourg, 2nd of April 2019  
FIDUCIAIRE INTERNATIONAL S.A.  
Represented by Stephan Moreaux.

**BALANCE SHEET AS OF DECEMBER 31, 2018**

All Amounts in Euro, under otherwise stated

Particulars		As at 31 <sup>st</sup> December 2018	As at 31 <sup>st</sup> December 2017
<b>ASSETS</b>			
<b>A. Capital subscribed, not paid</b>		-	-
I. Capital subscribed, not called		-	-
II. Capital subscribed, not called, not yet paid		-	-
<b>B. Start-up costs</b>		-	-
<b>C. Fixed assets</b>		-	-
<b>I. Intangible fixed assets</b>	<b>2.2.1;3</b>	<b>19,458.08</b>	<b>900.00</b>
1. Development costs		-	-
2. Concessions, patents, licences, brands and similar rights and items of value if			
a) acquired for valuable consideration, without obligation to be entered under C.I.3		18,558.08	-
b) created by the company itself		900.00	900.00
3. Goodwill, in so far as it has been acquired for valuable consideration		-	-
4. Advances paid and intangible fixed assets in progress		-	-
<b>II. Tangible fixed assets</b>	<b>2.2.1;4</b>	<b>151,166.76</b>	<b>145,816.8</b>
1. Land and buildings		-	-
2. Technical installations and machinery		-	-
3. Other installations, tools and furniture		151,166.76	145,816.8
4. Advances paid and tangible fixed assets in progress		-	-
<b>III. Financial assets</b>	<b>2.2.2;5</b>	<b>159,330.98</b>	<b>149,730.98</b>
1. Equity interests in affiliated undertakings Shares in affiliated undertakings		131,922.98	131,922.98
2. Accounts receivable relating to affiliated undertakings Loans to affiliated undertakings		-	-
3. Equity holdings Participating interests		-	-
4. Accounts receivable relating to undertakings in which the company holds an equity interest "Loans to undertakings with which the undertaking is linked by virtue of participating inte		-	-
5. Capitalized securities Investments held as fixed assets		-	-
6. Other loans		27,408.00	17,808.00
<b>D. Current assets</b>		-	-
<b>I. Inventory</b>		-	-
1. Raw materials and consumables		-	-
2. Work in progress		-	-
3. Finished products and saleable goods		-	-
4. Advances paid		-	-
<b>II. Accounts receivable</b>	<b>2.2.3</b>	<b>4,700,374.17</b>	<b>2,334,271.52</b>
1. Accounts receivable relating to sales and services provided	6	1,814,988.71	1,659,936.67
a) on which the residual term is one year or less		1,814,988.71	1,659,936.67
b) on which the residual term exceeds one year		-	-
2. Accounts receivable relating to affiliated undertakings		2,231,051.44	252,542.76
a) on which the residual term is one year or less		2,231,051.44	252,542.76
b) on which the residual term exceeds one year		-	-

All Amounts in Euro, under otherwise stated

Particulars	As at 31 <sup>st</sup> December 2018	As at 31 <sup>st</sup> December 2017
3. Accounts receivable relating to undertakings in which the company holds an equity interest	-	-
a) on which the residual term is one year or less	-	-
b) on which the residual term exceeds one year	-	-
4. Other accounts receivable	654,334.02	421,792.09
a) on which the residual term is one year or less	654,334.02	421,792.09
b) on which the residual term exceeds one year	-	-
<b>III. Marketable securities</b>	<b>-</b>	<b>-</b>
1. Equity interests in affiliated undertakings	-	-
2. Own shares or own equity interests	-	-
3. Other marketable securities	-	-
<b>IV. Cash at banks, cash on postal cheque accounts, cheques and cash on hand</b>	<b>1,729,797.91</b>	<b>2,460,661.64</b>
<b>E Adjustment accounts</b>	<b>7</b>	<b>-</b>
<b>BALANCE SHEET TOTAL (ASSETS)</b>	<b>6,781,294.37</b>	<b>5,091,380.94</b>

## CAPITAL, RESERVES AND LIABILITIES

All Amounts in Euro, under otherwise stated

Particulars	As at 31 <sup>st</sup> December 2018	As at 31 <sup>st</sup> December 2017
<b>LIABILITIES</b>		
<b>A. Shareholders' equity</b>	<b>2,550,501.48</b>	<b>1,573,529.95</b>
I. Capital subscribed	8	34,800.00
II. Issuance premiums	89,823.6	89,823.6
III. Revaluation reserves	-	-
IV. Reserves	9;10	196,177.5
1. Statutory reserve	9.1	3,480.00
2. Reserve for own shares or equity interests	-	-
3. Statutory reserves	-	-
4. Other reserves, including fair value reserve	192,697.5	181,697.5
a) Other available reserves	-	-
b) Other unavailable reserves	9.2;10	192,697.5
V. Profits and losses brought forward	1,252,728.85	1,308,463.58
VI. Net profit or loss for financial year	10	97,6971.53
VII. Interim dividend payments	10	-
VIII. Capital investment subsidies	-	-183,853.2
<b>B. Provisions</b>	<b>2.2.6;11</b>	<b>1,803,252.53</b>
1. Provisions for retirement pensions and similar	-	-
2. Provisions for taxation	-	-
3. Other provisions	1,803,252.53	1,112,462.85

<b>C. Debt</b>	<b>2.2.7</b>	<b>2,381,465.37</b>	<b>2,159,455.64</b>
1. Bond issues		-	-
a) Convertible bonds		-	-
a) on which the residual term is one year or less		-	-
b) on which the residual term exceeds one year		-	-
b) Non-convertible bonds		-	-
a) on which the residual term is one year or less		-	-
b) on which the residual term exceeds one year		-	-
2. Amounts owed to credit institutions		33,399.11	15,290.51
a) on which the residual term is one year or less		33,399.11	15,290.51
b) on which the residual term exceeds one year		-	-
3. Payments received on account of orders received in so far as they have not been deducted separately from inventory		-	-
a) on which the residual term is one year or less		-	-
b) on which the residual term exceeds one year		-	-
4. Amounts payable on purchases and services provided		139,412.78	157,321.57
a) on which the residual term is one year or less		139,412.78	157,321.57
b) on which the residual term exceeds one year		-	-
5. Bills of exchange payable		-	-
a) on which the residual term is one year or less		-	-
b) on which the residual term exceeds one year		-	-
6. Amounts owed to affiliated undertakings		917,293.05	4,931.8
a) on which the residual term is one year or less		917,293.05	4,931.8
b) on which the residual term exceeds one year		-	-
7. Receivables relating to undertakings in which the company holds an equity interest		-	-
a) on which the residual term is one year or less		-	-
b) on which the residual term exceeds one year		-	-
8. Other debt		1,291,360.43	1,937,525.56
a) Tax liabilities		1,100,377.56	1,823,818.73
b) Social security liabilities		186,090.63	105,119.64
c) Other debt		4,892.24	8,587.19
a) on which the residual term is one year or less		4,892.24	8,587.19
b) on which the residual term exceeds one year		-	-
<b>D. Adjustment accounts</b>	<b>2.2.8</b>	<b>46,074.99</b>	<b>24,5932.5</b>
<b>BALANCE SHEET TOTAL (SHAREHOLDERS' EQUITY AND LIABILITIES)</b>		<b>6,781,294.37</b>	<b>5,091,380.94</b>

## PROFIT AND LOSS ACCOUNT

Particulars	EUR	
	2018	2017
1. to 5. Gross profit or loss	12,260,278.64	10,563,111.78
6. Payroll costs	-8,740,480.69	-7,002,305.15
a) Wages and salaries	-7,902,309.54	-6,399,834.47
b) Social security contributions	-838,171.15	-602,470.68
i) to cover retirement pensions	-	-
ii) other social security costs	-838,171.15	-602,470.68
c) Other payroll costs	-	-
7. Value adjustments	-109,721.57	-70,367.7
a) on start-up costs and tangible and intangible fixed assets	-109,721.57	-70,367.7
b) on items in current assets	-	-
8. Other operating costs	-2,127,775.08	-1,264,855.49
9. Income from equity interests	-	147,982.49
a) relating to affiliated undertakings	-	147,982.49
b) relating to other equity interests	-	-
10. Income from other marketable securities, other securities and accounts receivable on fixed assets	-	-
a) relating to affiliated undertakings	-	-
b) other income not included under (a)	-	-
11. Other interest received and other financial income	14,337.98	4,030.71
a) relating to affiliated undertakings	13,886.06	-
b) other interest received and financial income	451.92	4,030.71
12. Share of net earnings of undertakings consolidated using the equity method	-	-
13. Value adjustments relating to long-term investments and marketable securities included in current assets	-	-
14. Interest payable and other financial expenses	-295.61	-5,885.2
a) relating to affiliated undertakings	-	-
b) other interest and financial expenses	-295.61	-5,885.2
15. Company income tax	-319,372.14	-581,969.17
16. Net profit or loss after company income tax	976,971.53	1,789,742.27
17. Other tax liabilities not included under lines 1 to 16	-	4,055.00
18. Net profit or loss for the financial year	976,971.53	1,793,797.27

**Note 1 – GENERAL INFORMATION**

SYNCORDIS (hereinafter the “Company”) was formed on 15 December 2004 as a Société Anonyme under Luxembourg law for an indefinite term.

Its Registered Office is at 105, Route d’Arlon, L - 8009 Strassen.

The Company’s financial year commences on 1 January and ends on 31 December of each calendar year.

The object of the Company is business consultancy in addition to IT design and programming, specifically functional consultancy, project definition and management, the drafting of contractual specifications, the organization of tests and workshops, and assistance in defining operating procedures and designing software solutions.

The Company may generally carry out all other related, industrial and financial transactions involving moveable and real property directly connected with its object or such as to promote its development.

**Note 2 – VALUATION PRINCIPLES, RULES AND METHODS**

**Note 2.1 – General Principles**

The annual financial statements have been prepared in accordance with the applicable statutory and regulatory requirements in Luxembourg and with generally accepted accounting principles.

The accounts and annual financial statements have been prepared in euros.

The accounting policies and valuation principles are, in addition to the rules laid down by the law of 19 December 2002 (as amended), determined and implemented by the Board of Directors.

Preparation of the annual financial statements involves recourse to a number of accounting estimates of determining importance. It also requires the Board of Directors to exercise judgement in applying the accounting principles. Any change in the underlying assumptions may have significant repercussions with respect to the annual financial statements for the period in which those assumptions have changed. Company Management considers that the underlying assumptions are satisfactory and that the annual financial statements thus faithfully reflect the financial situation and earnings of the Company.

The Company has adopted estimates and assumptions that have an impact on the amounts shown under assets and under liabilities for the following period. Those estimates and judgements are reviewed continuously and are based on past experience and other factors, including anticipation of future events considered reasonable given the circumstances.

**Note 2.2 – Principal valuation rules**

The principal valuation rules adopted by the Company are as follows:

**Note 2.2.1 – Tangible and intangible fixed assets**

**Historical cost valuation**

Tangible and intangible fixed assets are valued at their acquisition costs, including ancillary expenses and production costs. Tangible and intangible fixed assets are depreciated and amortized in accordance with their estimated use life.

The methods and rates of such depreciation and amortization are as follows:

	<b>Depreciation rate</b>	<b>Depreciation method</b>
Software licences	25.00-33.33%	Straight-line
Office installations	25.00-33.33%	Straight-line
Other installations	25.00-33.33%	Straight-line

Where the Company considers that any tangible or intangible fixed asset has suffered a sustained impairment of its value, an additional reduction to its value is applied in order to reflect that impairment. Such value adjustments are not maintained where the grounds on which they have been made cease to apply.

**Note 2.2.2 – Financial assets****Historical cost valuation**Valuation at acquisition cost

- Equity holdings in affiliated undertakings are valued at their acquisition cost. The acquisition cost comprises ancillary expenses additional to the purchase price
- Capitalized loans and accounts receivable are valued at their nominal value

In the event of a value impairment that is, in the judgement of the Board of Directors, of a long-term nature, value adjustments are applied to such financial assets in order to recognise the lesser value to be attributed to them at the balance sheet closing date. Such value adjustments are not maintained where the grounds on which they have been made cease to apply.

**Note 2.2.3 – Accounts receivable**

Accounts receivable are entered at their nominal value. Their value is adjusted where future collection is compromised. Such value adjustments are not maintained where the grounds on which they have been made cease to apply.

**Note 2.2.4 – Translation of items in foreign currencies**

The Company prepares its accounts in euros.

All transactions expressed in a currency other than the euro are entered in euros at the exchange rate applicable at the date of the transaction.

Bank balances are translated at the exchange rate applicable on the accounts closing date. Resulting exchange gains or losses are recognised in the profit and loss account for the year to 31 December 2018.

**Note 2.2.5 – Adjustment accounts – Assets**

This heading covers expenses recognised during the year but which are attributable to a later year.

**Note 2.2.6 – Provisions**

The purpose of provisions is to cover losses or debts that are clearly circumscribed in nature but which, at the balance sheet closing date, are either probable or certain but indeterminate as to their amount or their date of actual occurrence

Provisions are also entered in order to cover expenses originating in the financial year or in an earlier year and which are clearly circumscribed in nature but which, at the balance sheet closing date, are either probable or certain but indeterminate as to their amount or their date of actual occurrence.

**Provisions for taxation**

Provisions for taxes due

Provisions for taxation are entered under "Tax Liabilities". They reflect the Company's estimated tax liability. Advance payments for financial years in which no tax return has been filed with the tax authorities are entered under other accounts receivable.

**Note 2.2.7 - Debt**

Debts are entered at their repayment value. Where the amount for repayment exceeds the amount received, the difference is recognised under assets and amortized using the straight-line/actuarial method.

**Note 2.2.8 – Adjustment accounts – Liabilities**

This heading covers income received during the financial year but attributable to a later year.

**Note 2.2.9 – Net annual sales**

The net amount for sales comprises amounts deriving from the sale of products and services provided that relate to the ordinary business of the Company, subtracting reductions on selling prices and value-added tax and other taxes directly related to sales:

**Note 3 – INTANGIBLE FIXED ASSETS**

Movements during the year were as follows:

	<b>Concessions, patents, licences and brands, in addition to similar rights and items of value</b>	<b>Total</b>
	<b>(EUR)</b>	<b>(EUR)</b>
<b>Gross value at beginning of financial year/period</b>	<b>900.00</b>	<b>900.00</b>
Additions in year	23,750.00	23,750.00
Disposals in year	-	-
Transfers in year	-	-
Gross value at end of year	24,650.00	24,650.00
<b>Cumulative value adjustments at beginning of year</b>	<b>-</b>	<b>-</b>
Allowances in year	5,191.92	5,191.92
Reversals in year	-	-
Transfers in year	-	-
Cumulative value adjustments at end of year	5,191.92	5,191.92
Net value at end of year	19,458.08	19,458.08
<b>Net value at beginning of year</b>	<b>900.00</b>	<b>900.00</b>

**Note 4 – TANGIBLE FIXED ASSETS**

**Assets valued at historical cost**

Movements during the year were as follows:

	<b>Other install., tooling, furniture, rolling stock</b>	<b>Total</b>
<b>Gross value at beginning of year/period</b>	<b>259,541.13</b>	<b>259,541.13</b>
Additions in year	109,879.61	109,879.61
Disposals in year	-	-
Transfers in year	-	-
<b>Gross value at end of year</b>	<b>369,420.74</b>	<b>369,420.74</b>
<b>Cumulative value adjustments at beginning of year</b>	<b>113,724.33</b>	<b>113,724.33</b>
Allowances in year	104,529.65	104,529.65
Reversals in year	-	-
Transfers in year	-	-
<b>Cumulative value adjustments at end of year</b>	<b>218,253.98</b>	<b>218,253.98</b>
<b>Net value at end of year</b>	<b>151,166.76</b>	<b>151,166.76</b>
<b>Net value at beginning of year</b>	<b>145,816.80</b>	<b>145,816.80</b>



**Note 5 – FINANCIAL ASSETS****Assets valued at historical cost**

Movements during the year were as follows:

	<b>Affiliated undertakings Shares (EUR)</b>	<b>Loans and capitalized accounts receivable (EUR)</b>	<b>Total (EUR)</b>
<b>Gross value at beginning of year</b>	<b>131,922.98</b>	<b>17,808.00</b>	<b>149,730.98</b>
Additions in year	-	9,600.00	9,600.00
Disposals in year	-	-	-
Transfers in year	-	-	-
<b>Gross value at end of year</b>	<b>131,922.98</b>	<b>27,408.00</b>	<b>159,330.98</b>
<b>Cumulative value adjustments at beginning of year</b>	-	-	-
Allowances in year	-	-	-
Reversals in year	-	-	-
Transfers in year	-	-	-
<b>Cumulative value adjustments at end of year</b>	-	-	-
<b>Net value at end of year</b>	<b>131,922.98</b>	<b>27,408.00</b>	<b>159,330.98</b>
<b>Net value at beginning of year</b>	<b>131,922.98</b>	<b>17,808.00</b>	<b>149,730.98</b>

**Undertakings in which the Company holds at least 20% of the share capital or in which it is an unlimited liability partner:**

<b>Name of company</b>	<b>Registered Office</b>	<b>Percentage of share capital held</b>	<b>Date most recent financial year closed</b>	<b>Shareholders' equity at closing date (EUR)</b>	<b>Profit or loss in most recent financial year (EUR)</b>
SYNCORDIS France	8, Rue Paul Belmando, 75012 Paris	100%	31/12/2017	731,023.33	367,568.80
Syncordis Limited	Beacon House, 15 Christchurch Road, Bournemouth, Dorset BH1 3LB	100%	31/03/2017	637.07	-486.52
Syncordis Support Services S.A.	105, Route d'Arlon, L-8009 STRASSEN	100%	31/12/2018	142,300.23	117,281.13

**Note 6 – ACCOUNTS RECEIVABLE**

Accounts receivable comprise mainly the following:

- Trade accounts receivable
- Doubtful trade accounts
- Trade accounts not yet invoiced
- Advance payments

(in Euro)

	<b>2018</b>	<b>2017</b>
Trade accounts	1,617,117.23	1,647,798.67
Trade accounts not yet invoiced	161,187.40	-
Doubtful trade accounts	83,538.00	83,538.00
Recognition of value impairment on trade accounts receivable	-71,400.00	-71,400.00
Advance payments	24,546.08	-
<b>Total</b>	<b>1,814,988.71</b>	<b>1,659,936.67</b>

**Note 7 – ADJUSTMENT ACCOUNTS – ASSETS**

The adjustment accounts comprise mainly the following:

- Expenses to be carried forward in the amount of €21,166.47

**Note 8 - CAPITAL SUBSCRIBED**

Capital subscribed stands at EUR 34,800.00 and is represented by 23,800 shares each with a nominal value of EUR 34,800.02 all entirely paid up.

**Note 9 - RESERVES**

**Note 9.1 – Statutory reserve**

A levy of 5% is applied annually to net profit to form the reserve fund required under Luxembourg law. This levy ceases to be mandatory when the balance of the reserve fund reaches one tenth of the total share capital. The statutory reserve cannot be distributed.

**Note 9.2 - Other reserves**

As of 31 December 2018, the Company reduced its wealth tax charge in accordance with section 8a of Luxembourg legislation on wealth tax. The Company allocates to unavailable reserves an amount equal to five times the reduced amount of wealth tax. The lock-in period of this reserve is five years, to run from the year following that of the reduction in wealth tax.

**Note 10 – MOVEMENTS IN “RESERVES” AND “NET PROFIT OR LOSS” DURING THE FINANCIAL YEAR**

Movements during the year were as follows:

	<b>Statutory reserve</b>	<b>Other reserves</b>	<b>Profit or loss carried forward</b>	<b>Net profit or loss for the year</b>	<b>Interim dividend payments</b>
	<b>(EUR)</b>	<b>(EUR)</b>	<b>(EUR)</b>	<b>(EUR)</b>	<b>(EUR)</b>
As of 31/12/2017	3,480.00	181,697.50	1,308,463.58	1,793,797.27	-1,838,532.00
Movements during the year:					
Allocation to the five-year reserve fund	-	36,000.00	-	-36,000.00	-
Transfer from previous reserve	-	-25,000.00	25,000.00	-	-
Allocation of net earnings in previous year	-	-	1,757,797.27	-1,757,797.27	-
Distribution of dividends	-	-	-1,838,532.00	-	1,838,532.00
Net profit or loss for year	-	-	-	976,971.53	-
Other movements (to be detailed)	-	-	-	-	-
As of 31/12/2018	<b>3,480.00</b>	<b>192,697.50</b>	<b>1,252,728.85</b>	<b>976,971.53</b>	-

**Note 11 - PROVISIONS**

Accounts provisions break down as follows:

	2018	2017
	EUR	EUR
Other provisions	1,803,252.53	1,112,462.85
<b>Total</b>	<b>1,803,252.53</b>	<b>1,112,462.85</b>

**Other provisions**

Other accounts provisions comprise the following:

- Operating provisions

**Note 12 – NON-SUBORDINATED DEBT**

The residual maturities under the heading “Non-subordinated debt” are as follows:

	Maturity at less than one year	Maturity at more than one year	Total 2018 (EUR)	Total 2017 (EUR)
Debt payable to credit institutions	33,399.11	-	-	15,290.51
Debt relating to purchases and services provided	139,412.78	-	-	157,321.57
Debt relating to affiliated undertakings	917,293.05	-	-	49,318.00
Debt relating to tax and social security (CCSS)	1,286,468.19	-	-	1,928,938.37
Other debt	4,892.24	-	-	8,587.19
<b>Total</b>	<b>2,381,465.37</b>	<b>-</b>	<b>-</b>	<b>2,159,455.64</b>

The total amount for interest due on the above debt stands at EUR 560.60 for 2018; (EUR -22.20 for 2017). The cumulative total for interest payable in 2018 stands at EUR 0.00; (EUR 0.00 for 2017).

**Note 13 – ADJUSTMENT ACCOUNTS – LIABILIT**

The adjustment accounts comprise mainly the following:

- Income to be carried forward

**Note 14 – NET ANNUAL SALES**

The figure for annual sales breaks down as follows by business category and geographical area:

	2018	2017
Service provision	13,545,124.02	12,793,823.76
<b>Total</b>	<b>13,545,124.02</b>	<b>12,793,823.76</b>

**Note 15 - STAFF**

The Company had 75 employees (Full Time Equivalents) on average during 2018, breaking down into the following categories:

	2018	2017
Employees	75 persons	63 persons

**Note 16 – EXCEPTIONAL INCOME/EXCEPTIONAL EXPENSES**

Exceptional income notably comprised the following:

- Income from disposals of intangible and tangible fixed assets

Exceptional expenses notably comprised the following:

- Book value of intangible and tangible fixed assets
- Other exceptional expenses

**Note 17 – COMPENSATION AWARDED TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS RELATING TO RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES**

No compensation was awarded to members of the management or supervisory bodies by reason of their post.

**Note 18 – ADVANCES AND LOANS GRANTED TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

No advances or loans were granted to the management or supervisory bodies and no commitments were entered into in regard to them for the purposes of any guarantee whatsoever.

**Note 19 – EVENTS AFTER THE END OF THE REPORTING PERIOD**

There were no events after the end of the reporting period likely to have any influence on the accounts of the Company to 31 December 2018.

**Note 20 – FEES OF THE APPROVED COMPANY AUDITOR**

The fees of the company auditor for review of the annual financial statements to 31 December 2018 totalled €9,000.00.

**Note 21 – OFF-BALANCE SHEET COMMITMENTS**

The Company's secured liabilities with regard to a Luxembourg banking institution are as follows:

	2018	2017
To a Luxembourg banking institution	5,100.00	5,100.00
<b>Total</b>	<b>5,100.00</b>	<b>5,100.00</b>

**Note 22 – ALLOCATION OF PROFIT FOR THE YEAR**

In accordance with the proposal of the Board of Directors, the available profit has been allocated as follows:

	Statutory reserve	Other reserves	Profit or loss carried forward	Net profit or loss for the year	Interim dividend payments
<b>As of 31/12/2018</b>	<b>3,480.00</b>	<b>192,697.50</b>	<b>1,252,728.85</b>	<b>976,971.53</b>	-
Movements during the year:					
Allocation to the five-year reserve fund	-	61,000.00	-	-61,000.00	-
Transfer from previous reserve	-	-25,000.00	25,000.00	-	-
Allocation of net earnings after the end of the reporting period	-	-	915,971.53	-915,971.53	-
Distribution of dividends	-	-	-	-	-
	<b>3,480.00</b>	<b>228,697.50</b>	<b>2,193,700.38</b>	-	-

## MANAGEMENT REPORT ON 31<sup>st</sup> December 2018

Dear shareholder,

We have the honor to present to you, our report, and the annual accounts, for the year ended on 31<sup>st</sup> December 2018, for approval.

### Evolution of business and the company's position

The balance sheet total for the year ended on 31<sup>st</sup> December 2018 is EUR 622,542.93.

We have ended the current financial year with a profit of EUR 117,281.13.

We recommend to allocate the profit of the financial year of EUR 117,281.13 to profit or loss brought forwards.

We request you to grant full discharge to the Administrators and the Auditor for the execution of their mandate until 31<sup>st</sup> December 2018.

On 30<sup>th</sup> August 2018, Mr. Aftab Zaid Ullah resigned from the Board of Administrators.

### Significant events after the balance sheet closure

No significant events have occurred since the 2018 balance sheet closure.

### Foreseeable development of the company

The company will continue its activities focused on the realization of investments, management and development based on the opportunities that will be identified and agreed by the Board of Administrators.

### Activities in research and development

None.

### Existence of branches

The company has no branch in the close of the 2018 financial year.

### Proposal for result allocation

The accounts as presented to you show a profit of EUR 117,281.13 :

Incomes amounted to	529,130.06 EUR
and charges to	411,848.93 EUR
Profit of the exercise as at 31 <sup>st</sup> December 2018	117,281.13 EUR

We recommend to bring forward the profit of the year to the next year :

In accordance with the proposal, of Board of Administrators, the allocation of available results is as follows:

	Statutory Reserve	Five Year Reserve	Profit or Loss carried forward	Net Profit or Loss for the year
<b>As of 31/12/2018</b>	0.00	0.00	-4,980.90	117,281.13
Movements after the close of the reporting period	0.00	0.00	0.00	0.00
Allocation of net earning in the following year	0.00	0.00	114,281.13	-114,281.13
Dividend distribution	0.00	0.00	0.00	0.00
Allocations to reserves	3000.00	0.00	0.00	-3000.00
	3000.00	0.00	109,300.23	0.00

Done in Luxembourg, on 8<sup>th</sup> April 2019

**Mr Guillaume DESJONQUERES,**  
Administrator

**Mr Luc GESQUIERE,**  
Administrator

# AUDIT REPORT

To the Shareholders of Syncordis Support Service S.A.

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of SYNCORDIS SUPPORT SERVICES S.A. (the "Company"), which comprise the balance sheet as at 31<sup>st</sup> of December 2018, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> of December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "Réviseur d'Entreprises Agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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

## AUDIT REPORT (Contd.)

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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the 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 report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Luxembourg, 2nd of April 2019  
FIDUCIAIRE INTERNATIONALE S.A.  
Represented by Stéphan MOREAUX  
Réviseur d'entreprises agréé

## BALANCE SHEET AS OF DECEMBER 31, 2018

	Reference(s)	As at 31 <sup>st</sup> December 2018	As at 31 <sup>st</sup> December 2017
<b>ASSETS</b>			
<b>A Capital subscribed, not paid</b>		-	-
I Capital subscribed, not called		-	-
II Capital subscribed, not called, not yet paid		-	-
<b>B Start-up costs</b>		-	-
<b>C Fixed assets</b>		104,033.46	15,828.00
I Intangible assets	3	2,848.80	-
II Tangible fixed assets	4	101,184.66	15,828.00
III Financial assets		-	-
<b>D Current assets</b>		<b>514,361.71</b>	<b>33,396.86</b>
I Inventory		-	-
II Accounts receivable		192,471.96	3,476.38
a) on which the residual term is one year or less	5	192,471.96	3,476.38
b) on which the residual term exceeds one year		-	-
III Marketable securities		-	-
IV Cash at banks, cash on postal cheque account, cheques and cash on hand		321,889.75	29,920.48
<b>E Adjustment accounts</b>	6	<b>4,147.76</b>	-
<b>BALANCE SHEET TOTAL (ASSETS)</b>		<b>622,542.93</b>	<b>49,224.86</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

	Reference(s)	As at 31 <sup>st</sup> December 2018	As at 31 <sup>st</sup> December 2017
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>A Shareholders' equity</b>		<b>142,300.23</b>	<b>25,019.10</b>
I Capital subscribed	7	30,000.00	30,000.00
II Issuance premiums		-	-
III Revaluation reserve		-	-
<b>IV Reserves</b>		-	-
V Profit or loss carried forward	9	-4,980.90	-
VI Net profit or loss for financial year	9	117,281.13	-4,980.90
VII Interim dividend payments		-	-
VIII Capital investment subsidies		-	-
<b>B Provisions</b>	<b>10</b>	<b>9,935.63</b>	-
<b>C Debt</b>	<b>11</b>	<b>407,807.07</b>	<b>24,205.76</b>
a) on which the residual term is one year or less		407,807.07	24,205.76
b) on which the residual term exceeds one year		-	-
<b>D Adjustment accounts</b>	<b>12</b>	<b>62,500.00</b>	-
<b>BALANCE SHEET TOTAL (SHAREHOLDERS' EQUITY AND LIABILITIES)</b>		<b>622,542.93</b>	<b>49,224.86</b>



## PROFIT AND LOSS ACCOUNT

	Reference(s)	2018	2017
1 to 5 Gross profit or loss		384,063.60	-4,980
6 Payroll costs	13	-194,670.43	-
a) Wages and salaries		-172,074.28	-
b) Payroll costs		-22,596.15	-
i) to cover retirement pensions		-	-
ii) other social security costs		-22,596.15	-
c) Other payroll costs		-	-
7 Value adjustments	3;4	-23,962.02	-
a) on start-up costs and tangible and intangible fixed assets		-23,962.02	-
b) on items in current assets		-	-
8 Other operating expenses		-39,849.02	-
9 Income from equity interests		-	-
a) relating to affiliated undertakings		-	-
b) relating to other equity interests		-	-
10 Income from other marketable securities, other securities and accounts receivable on fixed assets		-	-
a) relating to affiliated undertakings		-	-
b) other income not included under		-	-
11 Other interest received and other financial income		-	-
a) relating to affiliated undertakings		-	-
b) other interest received and financial income		-	-
12 Share of net earnings of undertakings consolidated using the equity method		-	-
13 Value adjustments relating to long-term investments and marketable securities included in current assets		-	-
14 Interest payable and other financial expenses		-	-
a) relating to equity interests in affiliated undertakings		-	-
b) other interest and financial expenses		-	-
15 Company income tax	16.	-7,766.00	-
16 Net profit or loss after company income tax		117,816.13	-4,980.90
17 Other tax liabilities not included under lines 1. to 16.	16.	-535.00	-
18 Net profit or loss for year		117,281.13	-4,980.90

## Notes to Financial Statements

### Note 1 – GENERAL INFORMATION

SYNCORDIS SUPPORT SERVICES SA (hereinafter the “Company”) was formed on 7 September 2017 as a Société Anonyme under Luxembourg law for an indefinite term.

Its Registered Office is at 105, Route d’Arlon, L - 8009 Strassen.

The Company’s financial year commences on 1 January and ends on 31 December of each calendar year.

The object of the Company is the provision of IT assistance and support services and data processing for industry and the tertiary sector, excluding however any activity that may be considered to constitute regulated financial sector activities (PFS).

The Company may carry out all and any commercial, industrial and financial activity involving real or intellectual property it considers relevant to the accomplishment of the above purposes..

### Note 2 – ACCOUNTING PRINCIPLES, RULES AND METHODS AND VALUATION RULES

#### Note 2.1 – General Principles

The annual financial statements have been prepared in accordance with the applicable statutory and regulatory requirements of Luxembourg and with generally accepted accounting principles.

The accounts and annual financial statements are expressed in euros.

The accounting policies and valuation principles are, in addition to the rules laid down by the law of 19 December 2002 (as amended), determined and implemented by the Board of Directors.

Preparation of the annual financial statements involves recourse to a number of accounting estimates of determining importance. It also requires the Board of Directors to exercise judgement in applying the accounting principles. Any change in the underlying assumptions may have significant repercussions for the annual financial statements for the period in which those assumptions have changed. Company Management considers that the underlying assumptions are satisfactory and that the annual financial statements thus faithfully reflect the financial situation and earnings of the Company.

The Company has adopted estimates and assumptions that have an impact on the amounts shown under assets and under liabilities for the following period. The estimates and judgements are reviewed continuously and are based on past experience and other factors, including anticipation of future events considered reasonable given the circumstances.

On the basis of the criteria laid down in law, the Company is exempted from the requirement to prepare consolidated financial statements or a consolidated annual report for the year/reporting period ending on 31 December 2018. As a consequence, in compliance with legal requirements, the present financial statements were tabled by the Board of Directors, on a non-consolidated basis, for approval at the annual general meeting of shareholders.

#### Note 2.2 – Principal valuation rules

The principal valuation rules adopted by the Company are as follows:

##### Note 2.2.1 – Tangible and intangible fixed assets

###### Historical cost valuation

Tangible and intangible fixed assets are valued at their acquisition costs, including ancillary expenses and production costs. Tangible and intangible fixed assets are depreciated and amortized in accordance with their estimated use life.

The methods and rates of such depreciation and amortization are as follows:

	Depreciation rate	Depreciation method
Software licences (computer programmes and software packages)	33.33%	Straight-line
Technical installations	25.00%	Straight-line
Furniture	33.33%	Straight-line
IT equipment (hardware)	33.33 %	Straight-line

Where the Company considers that any tangible or intangible fixed asset has suffered a sustained impairment of its value, an additional reduction to its value is applied in order to reflect that impairment. Such value adjustments are not maintained where the grounds on which they have been made cease to apply.

**Note 2.2.1 – Accounts receivable**

Accounts receivable are entered at their nominal value. Their value is adjusted where future collection is compromised. Such value adjustments are not maintained where the grounds on which they have been made cease to apply.

**Note 2.2.2 – Translation of items in foreign currencies**

The Company prepares its accounts in euros.

All transactions expressed in a currency other than the euro are entered in euros at the exchange rate applicable at the date of the transaction.

Start-up costs and fixed assets expressed in currencies other than the euro are translated into euros at the historical exchange rate applicable at the date of the transaction. At the end of the reporting period, these fixed assets continue to be shown at the historical exchange rate.

Bank balances are translated at the exchange rate applicable on the accounts closing date. Resulting exchange gains or losses are recognised in the profit and loss account for the year.

Other items entered under assets or liabilities are individually valued at the lowest, or at the highest, respectively, values as translated either at the historical exchange rate or their value as based on the exchange rate applicable at the balance sheet closing date. Only unrealized exchange losses are recognised in the profit and loss account. Exchange gains are entered in the profit and loss account when realized.

Where there is an economic link between an asset and a liability, they are valued together as a whole using the method described above and only a net unrealized exchange loss is entered in the profit and loss account; unrealized gains are not recognised in the accounts.

**Note 2.2.3 – Adjustment accounts – Assets**

This heading comprises expenses entered during the year but attributable to a later year.

**Note 2.2.4 - Provisions**

The purpose of provisions is to cover losses or debts that are clearly circumscribed in nature but which, at the balance sheet closing date, are either probable or certain but indeterminate as to their amount or their date of actual occurrence.

Provisions are also entered in order to cover expenses originating in the financial year or a preceding year and which are clearly circumscribed in nature but which, at the balance sheet closing date, are either probable or certain but indeterminate as to their amount or their date of actual occurrence.

**Note 2.2.5 - Debt**

Debts are entered at their repayment value. Where the amount for repayment exceeds the amount received, the difference is entered in the profit and loss account under the debt issuance heading.

**Note 2.2.6 – Adjustment accounts – Liabilities**

This heading comprises income received during the financial year but attributable to a later year.

**Note 2.2.7 - Tax**

The Company is liable for tax as provided under Luxembourg law in the case of commercial companies. Recorded under liabilities, tax liabilities also include the tax expense estimated by the Company with regard to financial years for which the Company's tax charge has not yet been determined. Advances paid are accounted for as assets under the heading "Other accounts receivable."

**Note 2.2.8 – Net annual sales**

The net amount for sales comprises amounts deriving from the sale of products and services provided that relate to the ordinary business of the Company, subtracting reductions on selling prices and value-added tax and other taxes directly related to sales.

**Note 3 – INTANGIBLE FIXED ASSETS**

Movements during the year were as follows:

	Concessions, patents, licences and brands, in addition to similar rights and items of value (EUR)	Total  (EUR)
<b>Gross value at beginning of financial year</b>	-	-
Additions in year	3,385.00	3,385.00
Disposals in year	-	-
Transfers in year	-	-
<b>Gross value at end of year</b>	<b>3,385.00</b>	<b>3,385.00</b>
<b>Cumulative value adjustments at beginning of year</b>	-	-
Allowances in year	536.20	536.20
Reversals in year	-	-
Transfers in year	-	-
<b>Cumulative value adjustments at end of year</b>	<b>536.20</b>	<b>536.20</b>
<b>Net value at end of year</b>	<b>2,848.80</b>	<b>2,848.80</b>
<b>Net value at beginning of year</b>	-	-

**Note 4 – TANGIBLE FIXED ASSETS**

Movements during the year were as follows:

	Technical installations and machinery  (EUR)	Other installations, tooling and furniture  (EUR)	Down-payments and tangible fixed assets in progress  (EUR)	Total  (EUR)
<b>Gross value at beginning of financial year</b>	-	-	15,828.00	15,828.00
Additions in year	53,568.98	55,213.50	-	108,782.48
Disposals in year	-	-	-	-
Transfers in year	-	15,828.00	-15,828.00	-
Gross value at end of year	53,568.98	71,041.50	-	124,610.48
<b>Cumulative value adjustments at beginning of year</b>	-	-	-	-
Allowances in year	10,676.30	12,749.52	-	23,425.82
Reversals in year	-	-	-	-
Transfers in year	-	-	-	-
<b>Cumulative value adjustments at end of year</b>	<b>10,676.30</b>	<b>12,749.52</b>	-	<b>23,425.82</b>
<b>Net value at end of year</b>	<b>42,892.68</b>	<b>58,291.98</b>	-	<b>101,184.66</b>
<b>Net value at beginning of year</b>	-	-	15,828.00	15,828.00

**Note 5 – ACCOUNTS RECEIVABLE**

Accounts receivable comprise the following::

	Due at less than one year	2018	2017
	EUR	EUR	EUR
<b>Accounts receivable on sales and services provided</b>			
Trade accounts receivable	2,340.00	2,340.00	-
<b>Sub-total</b>	<b>2,340.00</b>	<b>2,340.00</b>	<b>-</b>
<b>Accounts receivable relating to affiliated undertakings</b>			
Gross value	184,787.46	184,787.46	-
<b>Sub-total</b>	<b>184,787.46</b>	<b>184,787.46</b>	<b>-</b>
<b>Other accounts receivable</b>			
Staff – advances and payments on account	5,344.50	5,344.50	-
Registration Duties, Estates and VAT Authority	-	-	3,476.38
<b>Sub-total</b>	<b>5,344.50</b>	<b>5,344.50</b>	<b>3,476.38</b>
<b>Total</b>	<b>192,471.96</b>	<b>192,471.96</b>	<b>3,476.38</b>

**Note 6 - ADJUSTMENT ACCOUNTS – ASSETS**

The adjustment accounts comprise mainly the following:

- Expenses to be carried forward in the amount of EUR 4,147.76

**Note 7 - CAPITAL SUBSCRIBED**

Capital subscribed stands at EUR 30,000.00 and is represented by 300 shares each with a nominal value of EUR 100.00 all entirely paid up.

	2018 EUR
Capital subscribed as of 1 January 2018	30,000.00
Increase during the year	-
Reduction during the year	-
Capital subscribed as of 31 December 2018	30,000.00

As of 31 December 2018, there were no shares conferring profit-sharing rights, convertible bonds or securities or rights of similar nature.

**Note 8 - RESERVES**

**Note 8.1 – Statutory reserve**

A levy of 5% is applied annually to net profit to form the reserve fund required under Luxembourg law. This levy ceases to be mandatory when the balance of the reserve fund reaches one tenth of the total share capital. The statutory reserve cannot be distributed.

**Note 9 – MOVEMENTS IN “RESERVES” AND “NET PROFIT OR LOSS” DURING THE FINANCIAL YEAR**

Movements during the year were as follows:

	Statutory reserve	Reserves for Own Shares	Reserves required by company by laws	Other reserves	Profit or loss carried forward	Net profit or loss for the year	Interim dividend payments
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As of 31/12/2017</b>	-	-	-	-	-	-4,980.90	-
Movements during the year:							
- Allocation of net earnings in previous year	-	-	-	-	-4,980.90	4,980.90	-
- Distribution of dividends	-	-	-	-	-	-	-
- Net profit or loss for year	-	-	-	-	-	117,281.13	-
- Other movements (to be detailed)	-	-	-	-	-	-	-
<b>As of 31/12/2018</b>	-	-	-	-	-4,980.90	117,281.13	-

**Note 10 - PROVISIONS**

Accounts provisions break down as follows:

	2018 EUR	2017 EUR
Other provisions	9,935.63	-
<b>Total</b>	<b>9,935.63</b>	<b>-</b>

**Note 10.1 - Other provisions**

Other accounts provisions comprise the following:

- Operating provisions

**Note 11 - DEBT**

The residual maturities under the heading “Non-subordinated debt” are as follows:

	Maturity at less than one year EUR	Total 2018 EUR	Total 2017 EUR
Debt relating to purchases and services provided	14,841.42	14,841.42	2,340.00
Debt relating to affiliated undertakings	311,638.67	311,638.67	21,865.76
Tax liabilities	66,886.47	66,886.47	-
Debt relating to social security	11,968.81	11,968.81	-
Other debt	2,471.70	2,471.70	-
<b>Total</b>	<b>407,807.07</b>	<b>407,807.07</b>	<b>24,205.76</b>

These debts have a residual term of less than five years. These debts are not guaranteed by security provided by the Company.

**Note 12 – ADJUSTMENT ACCOUNTS – LIABILITIES**

The adjustment accounts comprise mainly the following:

- Income to be carried forward in the amount of EUR 62,500.00 (EUR 0.00 in 2017)

**Note 13 – STAFF**

The Company had 7.5 full-time employees on average during 2018.

**Note 14 – COMPENSATION AWARDED TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS RELATING TO RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES**

No compensation was awarded to members of the management or supervisory bodies by reason of their post.

**Note 15 – ADVANCES AND LOANS GRANTED TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

No advances or loans were granted to the management or supervisory bodies and no commitments were given in relation to them for the purposes of any guarantee whatsoever.

**Note 16 – TAXATION**

The Company is subject to the general taxation rules applicable to commercial companies in Luxembourg.

**Note 17 – OFF-BALANCE SHEET COMMITMENTS**

As of 31 December 2018, there were no commitments given by the Company of any relevance to an assessment of its financial position.

**Note 18 – EVENTS AFTER THE END OF THE REPORTING PERIOD**

There were no events after the end of the reporting period likely to have any influence on the accounts of the Company to 31 December 2018.

**Note 19 – TRANSACTIONS WITH RELATED PARTIES**

During the year, significant transactions with related parties were entered into on normal market terms.

**Note 20 – ALLOCATION OF PROFIT FOR THE YEAR**

In accordance with the proposal of the Board of Directors, the available profit has been allocated as follows:

	Statutory reserve	Five-year reserve	Profit or loss carried forward	Net profit or loss for the year
<b>As of 31/12/2018</b>	-	-	-4,980.90	117,281.13
Movements after the close of the reporting period:				
Allocation of net earnings to the following year	-	-	114,281.13	-114,281.13
Distribution of dividends	-	-	-	-
Allocation to reserves	3,000.00	-	-	-3,000.00
	<b>3,000.00</b>	-	<b>109,300.23</b>	-

## COMPANY INFORMATION

**Directors** Mr S Chaturvedi  
Mr G P M Desjonquieres  
Mr S Samal (Appointed 30 August 2018)  
Mr A Sonthalia

**Company number** 10045506

**Registered office** C/O Rayner Essex  
Tavistock House South  
Tavistock Square  
London  
WC1H 9LG

**Auditor** The Paris Partnership  
Chartered Accountants and Statutory Auditors  
Russell House  
140 High Street  
Edgware  
Middlesex  
HA8 7LW



## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The Directors present their annual report and financial statements for the period ended 31 December 2018.

### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of information technology consultancy activities.

### DIRECTORS

The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr S Chaturvedi

Mr G P M Desjonqueres

Mr S Samal (Appointed 30 August 2018)

Mr A Sonthalia

Mr A Ullah (Resigned 30 August 2018)

### AUDITORS

In accordance with the company's articles, a resolution proposing reappointment of The Paris Partnership LLP, as auditor of the Company will be put up at the forthcoming Annual General Meeting of the Company.

### STATEMENT OF DISCLOSURE TO AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's Auditors are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's Auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### ON BEHALF OF THE BOARD

Mr G P M Desjonqueres

Director

8 April 2019

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SYNCORDIS LTD

## Opinion

We have audited the financial statements of Syncordis Ltd (the 'company') for the period ended 31 December 2018 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lee Paris FCA (Senior Statutory Auditor)

for and on behalf of The Paris Partnership LLP  
Chartered Accountants and Statutory Auditors

Russell House 140 High Street  
Edgware  
Middlesex  
HA8 7LW  
Date: 10 April 2019

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	Period ended 31 December 2018 £	Year ended 31 March 2018 £
TURNOVER		504,800	-
Cost of sales		(503,747)	-
<b>GROSS PROFIT</b>		<b>1,053</b>	<b>-</b>
Administrative expenses		(316,225)	(1,379)
<b>OPERATING LOSS</b>		<b>(315,172)</b>	<b>(1,379)</b>
Interest receivable and similar income		9	-
Interest payable and similar expenses	4	(1,208)	-
<b>LOSS BEFORE TAXATION</b>		<b>(316,371)</b>	<b>(1,379)</b>
Tax on loss	5	59,254	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(257,117)</b>	<b>(1,379)</b>

## BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	31 December 2018		31 March 2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		14,139		-
<b>CURRENT ASSETS</b>					
Debtors	7	222,179		-	
Cash at bank and in hand		236,327		891	
		<b>458,506</b>		<b>891</b>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(290,488)		(1,703)	
<b>Net current assets/(liabilities)</b>			<b>168,018</b>		<b>(812)</b>
<b>Total assets less current liabilities</b>			<b>182,157</b>		<b>(812)</b>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(440,086)			-
<b>NET LIABILITIES</b>			<b>(257,929)</b>		<b>(812)</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1,000		1,000
Profit and loss reserves			(258,929)		(1,812)
<b>TOTAL EQUITY</b>			<b>(257,929)</b>		<b>(812)</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the board of directors and authorised for issue on 8 April 2019 and are signed on its behalf by:

Mr G P M Desjonqueres  
 Director  
 Company Registration No. 10045506

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

## 1. ACCOUNTING POLICIES

### Company information

Syncordis Ltd is a private company limited by shares incorporated in England and Wales. The registered office is C/O Rayner Essex, Tavistock House South, Tavistock Square, London, WC1H 9LG.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted are set out below.

Syncordis Ltd is a 100% subsidiary of Syncordis S.A., which in turn is a 100% subsidiary of L&T Infotech GmbH. L&T Infotech GmbH is a 100% subsidiary of L&T Infotech Ltd, a company incorporated in India and listed on the NSE and BSE in India. The results of Syncordis Ltd are included in the consolidated financial statements of L&T Infotech Ltd and group accounts can be obtained from the ultimate parent company's office at L&T House, Ballard Estate, P.O. Box 278, Mumbai 400 001, India.

### 1.2 Going concern

As a result of the continued financial support from the parent company, Syncordis S.A. and the growth expected in the coming year, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Reporting period

The company's financial statement are presented for a 9 month period to 31 December 2018 so as to ensure they are co-terminus with the financial statements of the parent. Therefore the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

### 1.4 Turnover

Turnover represents amounts receivable for services net of VAT.

Turnover represents revenue earned under a wide variety of contracts to provide Information Technology and support services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represent amounts chargeable to clients, including expenses and disbursements but excluding value added tax. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers      3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss

### 1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018 (Contd.)

### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018 (Contd.)

### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## 2 Auditor's remuneration

	31 December 2018 £	31 March 2018 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	4,500	1,020

## 3. Employees

The average monthly number of persons (including directors) employed by the company during the period was 4 (2018 - 0).

## 4. Interest payable and similar expenses

	31 December 2018 £	31 March 2018 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	1,208	-

## 5 Taxation

	31 December 2018 £	31 March 2018 £
<b>Deferred tax</b>		
Deferred tax on losses for the current period	(59,254)	-

## 6 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 April 2018	-
Additions	15,578
<b>At 31 December 2018</b>	<b>15,578</b>
<b>Depreciation and impairment</b>	
At 1 April 2018	-
Depreciation charged in the period	1,439
<b>At 31 December 2018</b>	<b>1,439</b>
<b>Carrying amount</b>	
At 31 December 2018	14,139
At 31 March 2018	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018 (Contd.)

### 7 Debtors

	31 December 2018 £	31 March 2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	110,800	-
Other debtors	111,379	-
	<b>222,179</b>	<b>-</b>

### 8 Creditors: amounts falling due within one year

	31 December 2018 £	31 March 2018 £
Trade creditors	170,140	-
Taxation and social security	29,009	-
Other creditors	91,339	1,703
	<b>290,488</b>	<b>1,703</b>

### 9 Creditors: amounts falling due after more than one year

	31 December 2018 £	31 March 2018 £
Amounts owed to group undertakings	440,086	-

The amount owed to group undertakings includes £440,086 due to Syncordis S.A.. Interest is payable at the rate of 1% per annum (non-cumulating) and the loan facility is for a period of two years from the date of the first drawdown.

### 10 Called up share capital

	31 December 2018 £	31 March 2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<b>1,000</b>	<b>1,000</b>

### 11 Parent company

The parent undertaking is Syncordis S.A., a company incorporated in Luxembourg. The ultimate controlling party is L&T Infotech Ltd, a company incorporated in India.

Copies of the group accounts can be obtained from the Company Secretary at L&T House, Ballard Estate, P.O. Box 278, Mumbai 400 001, India.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED DECEMBER 31, 2018

The Directors have pleasure in presenting the report and Audited Accounts for the year ended December 31, 2018.

#### 1. Financial Results/Financial Highlights:

Particulars	2018	2017
	Euro	Euro
Total Income	3,576,731.34	3,902,500.76
Total Expenditure	4,304,449.24	3,356,798.96
Operating Profit / (Loss)	(727,717.9)	545,701.8
Add: Interest Income	-	-
Less: Finance Costs	14,437.86	-
<b>Profit / (Loss) before Tax</b>	<b>(742,155.76)</b>	<b>545,701.8</b>
Less : Tax	(144,344)	178,133
<b>Net Profit / (Loss) after Tax</b>	<b>(597,811.76)</b>	<b>367,568.8</b>
Add: Balance b/f from previous year	714,523.33	346,954.53
<b>Balance to be carried forward</b>	<b>116,711.57</b>	<b>714,523.33</b>

#### 2. Capital Expenditure:

As at December 31, 2018, the gross fixed and intangible assets including leased assets, stood at Euro 24,447.65 and the net fixed and intangible assets, including leased assets, at Euro 3,900.76. Capital Expenditure during the year amounted to Euro 1,191.

#### 3. State of Company Affairs:

The gross sales and other income for the financial year under review were Euro 3.56 Million. as against Euro 3.87 Million. for the previous financial year registering a decrease of 7.9%. The loss before tax from operations was Euro (742,156) and the loss after tax from operations of Euro (597,812) for the financial year under review as against profit of Euro 545,702 and Euro 367,569 respectively for the previous financial year.

#### 4. Dividend:

In order to conserve resources for the future business growth, no dividend is recommended for the year.

#### 5. Reporting of Frauds:

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

#### 6. Details of Significant & Material Orders Passed by the Regulators or Courts:

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

#### 7. Details of Directors and Key Managerial Personnel appointed/resigned during the year:

On August 30, 2018, the Shareholders approved appointment of Mr. Satyakanta Samal as a Director of the Company in place of Mr. Aftab Zaid Ullah who resigned from the Board of Directors of the Company.

#### 8. Financial Statements:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

#### 9. Auditors:

M/s RBA S.A.R.L are the Auditors of the Company. They will continue to be Auditors of the Company for the ensuing financial year.

**10. Acknowledgement**

Your Directors acknowledge the invaluable support extended by the Government authorities in France and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Signed in Paris, on May 10, 2019

Mr. Francois Xavier Martin  
Director

# STATUTORY AUDITOR'S REPORT

## *ON THE FINANCIAL STATEMENTS*

To your annual general meeting of SYNCORDIS FRANCE,

### **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of SARL SYNCORDIS FRANCE for the year ended 31 December 2018, as attached to this report.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

We would like to point out that your company's financial statements for the year ended 31 December 2017 have not been certified.

### **Basis of Opinion**

#### **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

#### **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

#### **Justification of Assessments - Key Audit Matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you that the most significant assessments we have made, in accordance with our professional judgment, have focused on the appropriateness of the accounting principles applied.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements..

#### **Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the documents with respect to the financial position and the financial statements provided to the shareholders.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 it is expected to liquidate the Company or to cease operations.

#### **Statutory Auditor's Responsibilities for the Audit of the Financial Statements**

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

A more detailed description of our statutory auditor's responsibilities for the audit of the financial statements is set out in appendix to this report and forms part of our report.

**Made in Fondettes,**  
April 29, 2019

**S.A.R.L. RBA**  
Statutory Auditor  
Sandrine FLEURY

## Detailed Description of Statutory Auditors Responsibilities

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of managements 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Balance Sheet - Assets

	Gross	Amortis. Depreciation	Net at 31/12/2018	Net at 31/12/2017
<b>FIXED ASSETS</b>				
<b>Intangible fixed assets</b>				
Start-up costs	-	-	-	-
Research and development costs	-	-	-	-
Concessions, patents, licences, software, similar rights and items of value	-	-	-	-
Goodwill (1)	-	-	-	-
Other intangible fixed assets	-	-	-	-
Advance payments and down-payments on intangible fixed assets	-	-	-	-
<b>Tangible fixed assets</b>				
Land	-	-	-	-
Buildings	-	-	-	-
Technical installations, industrial equipment and tooling	-	-	-	-
Other tangible fixed assets	24,447.65	20,546.89	3,900.76	6,747.57
Tangible fixed assets under construction	-	-	-	-
Advance payments and down-payments	-	-	-	-
<b>Financial assets (2)</b>				
Holdings (valued according to the equity method)	-	-	-	-
Other equity interests	-	-	-	-
Accounts receivable on equity interests	-	-	-	-
Other capitalized securities	-	-	-	-
Loans	-	-	-	-
Other financial assets	-	-	-	-
	8,525.10	-	8,525.10	25,637.95
	<b>32,972.75</b>	<b>20,546.89</b>	<b>12,425.86</b>	<b>32,385.52</b>
<b>CURRENT ASSETS</b>				
<b>Inventories and work in progress</b>				
Raw materials and other supplies	-	-	-	-
Production in progress (goods and services)	-	-	-	-
Intermediate and finished products	-	-	-	-
Saleable goods	-	-	-	-
<b>Advance payments and down-payments on orders</b>				
<b>Accounts receivable (3)</b>				
Trade accounts receivable	1,558,883.14	26,442.00	1,532,441.14	1,612,629.10
Other receivables	416,130.42	3,338.59	412,791.83	75,937.66
Capital subscribed and called, not yet paid	-	-	-	-
<b>Sundry items</b>				
Marketable securities	-	-	-	-
Cash and cash equivalents	401,546.63	-	401,546.63	264,123.92
Prepaid expenses	14,263.22	-	14,263.22	5,231.42
	<b>2,390,823.41</b>	<b>29,780.59</b>	<b>2,361,042.82</b>	<b>1,957,922.10</b>
Bond issuance expenses to be spread over more than one year	-	-	-	-
Bond redemption expenses	-	-	-	-
Currency translation adjustments – Assets	-	-	-	-
<b>GRAND TOTAL</b>	<b>2,423,796.16</b>	<b>50,327.48</b>	<b>2,373,468.68</b>	<b>1,990,307.62</b>

(1) ) including right to lease

(2) at less than one year (gross)

(3) at in more than one year (gross)



## Balance Sheet - Liabilities

	At 31/12/2018	At 31/12/2017
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	15,000.00	15,000.00
Issuance, merger, capital contribution premiums, etc.	-	-
Revaluation adjustment	-	-
Statutory reserve	1,500.00	1,500.00
Reserves required by bylaws or contract	-	-
Regulated reserves	-	-
Other reserves	714,523.33	346,954.53
Carried forward	-	-
<b>NET PROFIT OR LOSS FOR YEAR</b>	<b>-597,811.76</b>	<b>367,568.80</b>
Investment subsidies	-	-
Regulated accounts provisions	-	-
	<b>133,211.57</b>	<b>731,023.33</b>
<b>OTHER SHAREHOLDERS' EQUITY</b>		
Income from issuance of equity securities	-	-
Conditional advances	-	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		
Provisions for liabilities	-	-
Provisions for charges	-	-
<b>DEBT (1)</b>		
Convertible bond issues	-	-
Other bond issues	-	-
Borrowing and debt with credit institutions (2)	-	-
Sundry borrowing and debt (3)	912,545.56	-
Advances and down-payments received on orders in progress	-	-
Trade accounts payable	486,219.97	447,244.84
Tax and social security liabilities	687,490.47	805,013.40
Amounts payable to suppliers of fixed assets	-	-
Other debt	111,701.11	7,026.05
Deferred income (1)	42,300.00	-
Currency translation adjustments - Liabilities	<b>2,240,257.11</b>	<b>1,259,284.29</b>
<b>GRAND TOTAL</b>	<b>2,373,468.68</b>	<b>1,990,307.62</b>
(1) at less than one year (a)	-	-
(1) at in more than one year (a)	2,240,257.11	1,259,284.29
(2) Including bank loans and overdrafts and bank credit balances	-	-
(3) Including equity loans	-	-
(a) Not including advances and down-payments received on orders in progress	-	-

## Profit & Loss Account

	31/12/2018	31/12/2017
<b>Income from operating activities (1)</b>		
Sales of goods	-	-
Production sold (goods)	-	-
Production sold (services)	3,562,440.23	3,847,595.83
<b>Net sales</b>	<b>3,562,440.23</b>	<b>3,847,595.83</b>
Including exports	594,298.37	553,009.09
Production held in inventory	-	-
Capitalized production costs	-	-
Operating subsidies	-	-
Reversals of provisions (and depreciation), transfers of charges	1,825.47	20,356.71
Other income	108.52	1,194.42
<b>Total I</b>	<b>3,564,374.22</b>	<b>3,869,146.96</b>
<b>Operating expenses (2)</b>		
Purchase of goods	-	-
Inventory variation	-	-
Purchase of raw materials and other supplies	-	-
Inventory variation	-	-
Other purchases and external charges (a)	2,308,627.21	1,849,875.77
Tax, duty and like payments	31,729.53	27,363.37
Wages and salaries	1,364,895.83	1,041,099.34
Payroll costs	593,240.82	431,229.85
Depreciation and amortization expenses:	-	-
- on fixed assets: depreciation expenses	4,037.72	3,757.00
- on fixed assets: impairment allowances	-	-
- on current assets: impairment allowances	-	-
- For liabilities and charges: provisions	-	-
Other expenses	115.44	1,098.13
<b>Total II</b>	<b>4,302,646.55</b>	<b>3,354,423.46</b>
<b>OPERATING PROFIT OR LOSS (I-II)</b>	<b>-738,272.33</b>	<b>514,723.50</b>
<b>Shares in net earnings from joint operations</b>		
<b>Profit allocated or loss transferred III</b>		
<b>Loss borne or profit transferred IV</b>		
<b>Financial income</b>		
From equity interests (3)	-	-
From other marketable securities and accounts receivable on fixed assets	-	-
Other interest and like income (3)	-	746.53
Reversals of provisions and transfers of charges	-	-
Positive exchange differences	-	-
Net income from disposals of investment securities	-	-
<b>Total V</b>	<b>-</b>	<b>746.53</b>

## Profit & Loss Account (Contd.)

	31/12/2018	31/12/2017
<b>Financial charges</b>		
Allowances for amortization, depreciation and provisions	-	-
Interest and like charges (4)	14,437.86	-
Negative exchange differences	-	-
Net charges on disposals of investment securities	-	-
<b>Total VI</b>	<b>14,437.86</b>	<b>-</b>
<b>FINANCIAL PROFIT OR LOSS (V-IV)</b>	<b>-14,437.86</b>	<b>746.53</b>
<b>Pre-tax OPERATING RESULT (I-II+III-IV+V-VI)</b>	<b>-752,710.19</b>	<b>515,470.03</b>
<b>Extraordinary income</b>		
On business transactions	7,757.00	32,607.27
On capital transactions	4,600.12	-
Reversals of provisions and depreciation and transfers of charges	-	-
<b>Total VII</b>	<b>12,357.12</b>	<b>32,607.27</b>
<b>Extraordinary expenses</b>		
On business transactions	1,802.69	2,375.50
On capital transactions	-	-
Allowances for amortization, depreciation and provisions	-	-
<b>Total VIII</b>	<b>1,802.69</b>	<b>2,375.50</b>
<b>EXTRAORDINARY PROFIT OR LOSS (VII-VIII)</b>	<b>10,554.43</b>	<b>30,231.77</b>
Employee profit-sharing (IX)	-	-
Company income tax (X)	-144,344.00	178,133.00
<b>Total income (I+III+V+VII)</b>	<b>3,576,731.34</b>	<b>3,902,500.76</b>
<b>Total expenses (II+IV+VI+VIII+IX+X)</b>	<b>4,174,543.10</b>	<b>3,534,931.96</b>
<b>PROFIT OR LOSS</b>	<b>-597,811.76</b>	<b>367,568.80</b>
(A) Including:	-	-
- Equipment leasing payments	-	-
- Property leasing payments	-	-
(1) Including income relating to previous years	-	-
(2) Including expenses relating to previous years	-	-
(3) Including income relating to affiliated entities	-	-
(4) Including interest relating to affiliated entities	12,546.00	-

## Accounting rules and methods

### Introduction to explanatory notes

Name of company: **SARL SYNCORDIS FRANCE**

Explanatory notes to the balance sheet prior to allocations for the financial year ended on 31/12/2018, presenting a total of €2,373,469 and to the profit and loss account for the year, presented in list form, showing a loss of €597,812.

The following notes and tables are an integral part of the annual financial statements.

The Company's financial year has a term of 12 months, covering the period from 01/01/2018 to 31/12/2018.

There are no facts relating to the financial year or events occurring after the end of the year that are of note.

### General rules

The annual financial statements for the year to 31/12/2018 were prepared in accordance with Regulation 2016-07 of 4 November 2016 of the accounting standards authority (Autorité des Normes Comptables) as amended by the various supplementary regulations as of the date of preparation of the said annual financial statements.

The accounting principles and methods have been applied fairly and in obedience to the prudential principle and the following underlying assumptions:

- going concern basis,
- consistency of accounting methods between years,
- separation of financial years,

and in compliance with the general rules for the preparation and presentation of annual financial statements.

The basic method adopted for the valuation of items accounted for was the historical cost method.

Only significant information has been included.

### Tangible and intangible fixed assets

The tangible and intangible fixed assets have been valued at their cost of acquisition where acquired for valuable consideration, at production cost in the case of assets produced by the Company itself, and at their market value in that of assets acquired free of charge or by means of an exchange.

The cost of a fixed asset comprises its purchase price, including customs duty and non-recoverable taxes, after deduction of price reductions, commercial discounts and cash discounts. It also includes all directly related costs incurred in installation of the asset in good working order for the intended purpose. Transfer taxes, fees and commission, and registration costs linked to acquisition are not included in the aforementioned acquisition cost. All costs not forming part of the acquisition price for the fixed asset and which cannot be directly related with the costs made necessary by the installation of the asset in good working order for the intended purpose are entered as expenses in the accounts.

Depreciation and amortization expenses are calculated in accordance with the straight-line method, applying the following durations:

- \* Office equipment: 5 to 10 years
- \* IT equipment: 3 years
- \* Furniture: 10 years

For reasons of simplification, the duration applied for depreciation and amortization is the use life of assets not initially divisible.

### Equity holdings, capitalized securities, investment securities

Gross value is the purchase cost, not including ancillary expenses. Where the inventory value is less than the gross value, an impairment expense equal to the difference is recognised in the accounts.

### Accounts receivable

Accounts receivable are entered at their nominal value. A provision for impairment is entered where the inventory value is lower than the book value.

### Extraordinary income and expenses

Extraordinary income and expenses take account of items unrelated to the normal business of the Company.

### Retirement pension commitments

The Company's collective bargaining agreement provides for end-of-career compensation. No specific agreement has been signed. The relevant commitments have not been recognised in the accounts in the form of a provision.

## Explanatory notes to the balance sheet

### Fixed assets

#### Fixed asset register

	Beginning of year	Increase	Decrease	End of year
- General installations, improvements and	-	-	-	-
- Technical installations, equipment and tooling	-	-	-	-
- General installations, improvements	-	-	-	-
- Office and IT equipment, furniture	23,257	1,191	-	24,448
<b>Tangible fixed assets</b>	<b>23 257</b>	<b>1,191</b>	<b>-</b>	<b>24,448</b>
- Participating interests valued using the equity method	-	-	-	-
- Loans and other financial assets	25,638	126	17,239	8,525
<b>Financial assets</b>	<b>25 638</b>	<b>126</b>	<b>17,239</b>	<b>8,525</b>
<b>FIXED ASSETS</b>	<b>48,895</b>	<b>1,317</b>	<b>17 239</b>	<b>32,973</b>

#### Depreciation of fixed assets

	Beginning of year	Increase	Decrease	End of year
- General installations, improvements and	-	-	-	-
- Technical installations, equipment and tooling	-	-	-	-
- General installations, improvements	-	-	-	-
- Office and IT equipment, furniture	16,509	4,038	-	20,547
<b>Fixed assets</b>	<b>16 509</b>	<b>4,038</b>	<b>-</b>	<b>20,547</b>
<b>FIXED ASSETS: DEPRECIATION</b>	<b>16 509</b>	<b>4,038</b>	<b>-</b>	<b>20,547</b>

### Current assets

#### Statement of accounts receivable

At the end of the year, accounts receivable totalled €1,997,802 for which the breakdown is as follows:

	Gross amount	Due at no more than one year	Due at more than one year
<b>Accounts receivable on fixed assets:</b>			
Accounts receivable on equity holdings	-	-	-
Loans	-	-	-
Other	8,525	-	8,525
<b>Accounts receivable on current assets:</b>			
Trade accounts receivable	1,558,883	1,558,883	-
Other	416,130	416,130	-
Capital subscribed, called, not yet paid	-	-	-
Prepaid expenses	14,263	14,263	-
<b>Total</b>	<b>1,997,802</b>	<b>1,989,277</b>	<b>8,525</b>
Loans granted during the year	-	-	-
Loans collected during the year	-	-	-

#### Deferred income

	Amount
Trade accounts not yet invoiced	227,678
<b>Total</b>	<b>227,678</b>

## Explanatory notes to the balance sheet (Contd.)

### Shareholders' equity

#### Shareholder composition

Share capital in the amount of €15,000.00 represented by 300 shares each with a nominal value of €50.

	Number	Nominal value
Shares in the capital of the Company at the beginning of the year	300	50.00
Shares issued during the year	-	-
Shares redeemed during the year	-	-
Shares in the capital of the Company at the end of the year	300	50.00

### Debt

#### Statement of debts outstanding

At the end of the year, debt totalled €2,240,257, for which the breakdown is as follows:

	Gross amount	Due at one year or less	Due in 1 to 5 years	Due in more than 5 years
Convertible bond issues	-	-	-	-
Other bond issues	-	-	-	-
Borrowing and debt with credit institutions, of which:				
- due at no more than one year initially	-	-	-	-
- due at more than one year initially	-	-	-	-
Sundry borrowing and financial debt	-	-	-	-
Trade accounts payable	486,220	486,220	-	-
Tax and social security liabilities	687,490	687,490	-	-
Accounts payable to fixed asset suppliers	-	-	-	-
Group and affiliates	912,546	912,546	-	-
Other debt	111,701	111,701	-	-
Deferred income	42,300	42,300	-	-
<b>Total</b>	<b>2,240,257</b>	<b>2,240,257</b>	-	-
Borrowing contracted during the year	-	-	-	-
Borrowing repaid during the year	-	-	-	-

#### Accrued expenses payable

	Amount
Suppliers – accrued accounts payable	19,022
Affiliates – accrued interest	12,546
Prov. paid leave/reduced worktime comp. (RTT)	66,386
Staff – other accrued expenses	90,184
Soc. sec. cont./ Prov. paid leave/reduced worktime comp. (RTT)	29,043
Accrued social security contributions	56,813
Apprenticeship tax	14,278
Continuous training	10,335
Trade accounts – accrued rebates and discounts	100,020
<b>Total</b>	<b>398,626</b>

## Explanatory notes to the balance sheet (Contd.)

### Adjustment accounts

#### Prepaid expenses

	Operating expenses	Financial expenses	Extraordinary expenses
Prepaid expenses	14,263	-	-
<b>Total</b>	<b>14 263</b>	<b>-</b>	<b>-</b>

#### Deferred income

	Income from operating activities	Financial income	Extraordinary income
Deferred income	42,300	-	-
<b>Total</b>	<b>42,300</b>	<b>-</b>	<b>-</b>

## Additional information

### Retirement pension commitments

Total amount of commitments with respect to retirement pensions, supplementary retirement payments and like allowances: €47,386 The total for the Company's commitment with regard to end-of-career compensation has been estimated on the basis of the retirement indemnity for which provision is made in the code of employment law using the projected unit credit method.

For a defined benefit scheme, Recommendation no. 2003-R.01 of 1 April 2003 is applied.

### Tax credit for employment and competitiveness (Crédit d'impôt compétitivité et employment – CICE)

The Company is a beneficiary of the CICE scheme implemented under the 2012 amending finance law. Calculation of this tax credit is based on the entirety of the wages and salaries paid to employees during the calendar year which did not exceed 2.5 times the minimum wage (SMIC) and based on the statutory working week plus, where applicable, additional worked hours and overtime.

The accrued tax credit for the period from 01/01/2018 to 31/12/2018 totalled €7,376. It has been credited to "social security contributions". The CICE does not represent income subject to company income tax or CVAE business tax.

Its purpose is to fund improvements in companies' competitiveness. To that end, it is used to fund corporate efforts relating to investment, research, innovation, training, recruitment, exploration of new markets, the ecological and energy transition and replenishment of working capital.

## DIRECTOR'S REPORT

Dear Members,

The Directors have pleasure in presenting their 5<sup>th</sup> Annual report and Audited Accounts for the year ended March 31, 2019.

### 1. FINANCIAL HIGHLIGHTS

Particulars	2018-19	2017-18
Total Income	117,472,257	47,100,327
<b>Profit / (Loss) before Tax</b>	<b>37,557,994</b>	<b>8,165,257</b>
Less : Provision for Tax	11,088,108	2,111,079
<b>Net Profit / (Loss) after Tax</b>	<b>26,469,886</b>	<b>6,054,178</b>
Add: Balance brought forward from previous year	6,666,851	612,673
<b>Profit for the year (PAT)</b>	<b>33,136,737</b>	<b>6,666,851</b>

### 2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were ₹ 117,472,257 as against ₹ 47,100,327 for the previous financial year registering an increase of 149%. The profit after tax including extraordinary and exceptional items was ₹ 26,469,886 for the financial year under review as against profit of ₹ 6,054,178 for the previous financial year.

Further, on March 15, 2019, Larsen & Toubro Infotech Limited (LTI) acquired 5,100,00 equity shares (100% shareholding) of ₹ 10 each of the Company. Consequently, the Company is now a wholly owned subsidiary of LTI.

### 3. CAPITAL EXPENDITURE

As at March 31, 2019, the gross fixed and intangible assets, stood at ₹ 5,173,090 (previous year ₹ 3,577,208) and the net fixed and intangible assets, at ₹ 2,515,245 (previous year ₹ 2,269,686). Capital Expenditure during the year amounted to ₹ 1,595,882.

### 4. DEPOSITS

During the year ended March 31, 2019, the Company has not accepted and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### 5. TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to reserve.

### 6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan, guarantees, security or made any investment during the financial year 2018-19 as specified under Section 186 of Companies Act, 2013.

### 7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered with related parties during the financial year 2018-19 were in the ordinary course of business and at arm's length. Particulars of contracts or arrangements with related parties referred in Section 188(1) of the Companies Act, 2013, in FORM AOC-2 is attached as Annexure A to this report.

### 8. DIVIDEND

With a view to improve the business performance and conserve financial resources, the Directors have not recommended dividend on equity shares for the financial year 2018-19.

### 9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

After March 31, 2019 and upto the date of this report, there has been no material changes and commitments affecting the financial positions of the Company.



## DIRECTOR'S REPORT (Contd.)

### 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 of the Companies (Accounts) Rules, 2014.
- B. No technology has been developed and / or imported by way of foreign collaboration.
- C. Foreign exchange earnings and outgo:

S.N	PARTICULARS	AMOUNT (Rs in Lakhs)	
		31 <sup>ST</sup> MARCH 2019	31 <sup>ST</sup> MARCH 2018
1	Earnings in Foreign Exchange during the year	43,011,682	37,134,384
2	Expenditure in Foreign Exchange during the year	NIL	NIL

### 11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year, Mr. Nachiket Deshpande & Mr. Kedar Krishna Gadgil, were appointed as Additional Directors of the Company with effect from March 15, 2019, to hold office upto the ensuing Annual General meeting ('AGM') of the Company.

Mr. Satish Boddu & Mr. Pasupuleti Rao Venkateshwara stepped down from the Board of Directors with effect from March 15, 2019. The Board places on record the valuable contribution made by Mr. Satish Boddu & Mr. Pasupuleti Rao Venkateshwara during their tenure as Directors of the Company.

Mr. Anisetty Naveen Kumar, Director of the Company is retiring by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment. The details of Directors proposed to be appointed/re-appointed is given in the Notice convening the 5<sup>th</sup> AGM in 2019.

During the year under review there were no Key Managerial Personnel in the Company.

### 12. MEETINGS OF THE BOARD OF DIRECTORS

The Board Meetings were convened at appropriate intervals with a maximum time gap not exceeding 120 days between two consecutive meetings. During the year under review, six meetings were held on April 21, 2018, July 20, 2018, August 28, 2018, November 22, 2018, January 11, 2019 and March 28, 2019.

### 13. STATUTORY AUDITOR

M/s. Meenavalli & Associates, Chartered Accountants, (Registration No. 012208S), were appointed as first Statutory Auditors of the Company for a period of five years from 1<sup>st</sup> AGM till the conclusion of 6<sup>th</sup> AGM of the Company.

The Auditor's Report on the audited Financial Statements of the Company for the year ended March 31, 2019 does not contain any qualification and therefore do not call for any comments from Directors. Further the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India ('ICAI') and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

### 14. CHANGES IN SHARE CAPITAL

During the financial year 2018-19, the Company increased the authorized share capital of the Company from ₹1 Lac to ₹1 Crore with effect from August 16, 2018. Further, on November 22, 2018, the Company approved allotment of 5,00,000 equity shares of ₹10 each to all the existing shareholders of the Company. Accordingly, the paid-up equity share capital of the Company as on March 31, 2019 is ₹ 5,100,000.

### 15. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure B.

### 16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## DIRECTOR'S REPORT (Contd.)

### 17. STATUTORY DISCLOSURE

The Directors wish to state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, the Policy for prevention of Sexual Harassment at Workplace of Larsen & Toubro Infotech Limited (parent company) complying with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, covers its subsidiaries including the Company.

### 18. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### 19. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### 20. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, vendors, management of the Holding Company, Financial Institutions, Banks, Central and State Government authorities, and all the various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: April 30, 2019

**Anisetty Naveen Kumar**  
Director  
(DIN: 06931544)

**Kedar Krishna Gadgil**  
Director  
(DIN: 07224639)

**ANNEXURE A**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto****1. Details of contracts or arrangements or transactions not at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Amount in ₹)	Date (s) of approval by the Board	Amount paid as advances, if any (Amount in ₹)
Ruletronics Limited, UK	IT Consulting and Support Services	FY 2018-19	27,118,261	NOT APPLICABLE	NIL

For and on behalf of the Board of Directors

Place: Mumbai  
Date: April 30, 2019**Anisetty Naveen Kumar**  
Director  
(DIN: 06931544)**Kedar Krishna Gadgil**  
Director  
(DIN: 07224639)

**ANNEXURE -B****Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**i. REGISTRATION AND OTHER DETAILS:**

S.N.	Particulars	
1	CIN	U72200AP2014PTC094911
2	Registration Date	24/07/2014
3	Name of the Company	Ruletronics Systems Private Limited
4	Category/ Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	24a-1611/2,46965, Dwaraka, Apartments 401, Allasani, Peddanna Street Eluru, Andhra Pradesh, India Tel: 040-29700286 Email:info@ruletronics.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

S. N.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Software solutions	99831321	100.00

**iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. N.	Name and Address of the Company	CIN/ GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen & Toubro Infotech Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	L72900MH1996PLC104693	Holding Company	100.00	2(46)

iv. **SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

a) **Category-wise Share Holding**

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family*	0	10,000	10,000	100.00	0	1	1	0.00	100.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	0	0	0.00	0	509,999	509,999	100.00	100.00
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A1)</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>100.00</b>	<b>0</b>	<b>510,000</b>	<b>510,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A) = (A1 + A2)</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>100.00</b>	<b>0</b>	<b>510,000</b>	<b>510,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	0	0	0	0	0	0	0	0	0
(b)	Banks/ Financial Institutions	0	0	0	0	0	0	0	0	0
(c)	Central Government	0	0	0	0	0	0	0	0	0
(d)	State Government(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	Foreign Portfolio Investors	0	0	0	0	0	0	0	0	0
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i)	Any Other (Specify)	0	0	0	0	0	0	0	0	0
	<b>Sub-total (B1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
<b>(2)</b>	<b>Non – Institutions</b>									
<b>(a)</b>	<b>Individuals</b>									
(i)	Individual Shareholders holding nominal Equity Share Capital up to ₹1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual Shareholders holding nominal Equity Share Capital in excess of ₹1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
<b>(b)</b>	<b>Bodies Corporate</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>(c)</b>	<b>Any Other (Specify)</b>									
(i)	Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(iii)	Non Resident Indians (Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(iv)	Non Resident Indians (Non-Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(v)	Clearing Member	0	0	0	0.00	0	0	0	0.00	0.00
	Trusts	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total Public Shareholding (B) = (B1 + B2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>TOTAL (A+B)</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>100.00</b>	<b>0</b>	<b>510,000</b>	<b>510,000</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>100.00</b>	<b>0</b>	<b>510,000</b>	<b>510,000</b>	<b>100.00</b>	<b>0.00</b>

\*On March 15, 2019, Larsen & Toubro Infotech Limited (LTI) acquired 100% shareholding of the Company comprising of 510,000 equity shares including one share held by Mr. Kedar Gadgil as a nominee of LTI.

**b) Shareholding of Promoters**

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Naveen Anisetty#	2,300	23.00	0.00	0	0.00	0	23.00
2	Anuradha Chaliki#	2,300	23.00	0.00	0	0.00	0	23.00
3	R Manorama Devi #	2,300	23.00	0.00	0	0.00	0	23.00
4.	Naidu Sree Pradeep Kumar#	2,300	23.00	0.00	0	0.00	0	23.00
5.	Gounda Imthiyaz Basha#	800	8.00	0.00	0	0.00	0	8.00
6.	Larsen & Toubro Infotech Limited*	0	0.00	0.00	509,999	100.00	0	100.00
7.	Kedar Gadgil*	0	0.00	0.00	1	0.00	0	0.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>	<b>0.00</b>	<b>510,000</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>

#On November 22, 2018, the Company approved allotment of 5,00,000 equity shares to the existing shareholders of the Company.

\*Larsen & Toubro Infotech Limited (LTI) acquired 100% shareholding of the Company comprising of 510,000 equity shares including one share held by Mr. Kedar Gadgil as a nominee of LTI.

**c) Change in Promoters' Shareholding:**

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company		No. of shares	% of total shares of the company
<b>1</b>	<b>Anisetty Naveen Kumar</b>		2,300	23.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22, 2018 (Allotment)	-	-	115,000	117,300	23.00
		March 15, 2019 (Transfer)	-	-	(117,300)	0	0.00
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Naidu Sree Pradeep Kumar</b>		2,300	23.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22, 2018 (Allotment)	-	-	115,000	117,300	23.00
		March 15, 2019 (Transfer)	-	-	(117,300)	0	0.00
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>
<b>3</b>	<b>Gounda Imthiyaz Basha</b>		800	8.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22, 2018 (Allotment)	-	-	40,000	<b>40,800</b>	<b>8.00</b>
		March 15, 2019 (Transfer)	-	-	(40,800)	<b>0</b>	<b>0.00</b>
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>

<b>4</b>	<b>Anuradha Chaliki</b>		2,300	23.00			
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22, 2018(Allotment)	-	-	115,000	117,300	23.00
		March 15, 2019 (Transfer)	-	-	(117,300)	0	0.00
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>
<b>5</b>	<b>R. Manorama Devi</b>		2,300	23.00			
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22,2018 (Allotment)	-	-	115,000	<b>117,300</b>	<b>23.00</b>
		March 15, 2019 (Transfer)	-	-	(117,300)	<b>0</b>	<b>0.00</b>
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>
<b>6</b>	<b>LARSEN &amp; TOUBRO INFOTECH LIMITED *</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	March 15,2019 (Acquisition)	-	-	510,000	<b>510,000</b>	<b>100.00</b>
	At the end of the year		-	-	-	<b>510,000</b>	<b>100.00</b>

\* Includes 1 equity share held by Mr. Kedar Gadgil as a nominee of Larsen & Toubro Infotech Limited

d) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE**

v) **SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company		No. of shares	% of total shares of the company
1	<b>Anisetty Naveen Kumar</b>		2,300	23.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	November 22,2018 (Allotment)	-	-	115,000	117,300	23.00
		March 15, 2019 (Transfer)	-	-	(117,300)	0	0.00
	At the end of the year		-	-	-	<b>0</b>	<b>0.00</b>
2	<b>Kedar Krishna Gadgil</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	March 15,2019 (Acquisition)	-	-	1	1	0.00
	At the end of the year		-	-	-	<b>1</b>	<b>0.00</b>



vi) **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ Million)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year:</b>				
• Addition	-	6,000,000	-	6,000,000
• Reduction	-	-	-	-
Net Change	-	6,000,000	-	6,000,000
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	-	6,000,000	-	6,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>6,000,000</b>	-	<b>6,000,000</b>

vii) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2018-19)****A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager: NOT APPLICABLE****B. Remuneration to other Directors:**

S.N.	Particulars of Remuneration	Fee for attending Board Meetings	Commission	Total Amount
	<b>Non-Executive Directors</b>			
1	Mr. Anisetty Naveen Kumar	0	0	0
2	Mr. Satish Boddu*	0	0	0
3	Mr. P Venkateswara Rao*	0	0	0
4	Mr. Nachiket Deshpande#	0	0	0
5	Mr. Kedar Gadgil#	0	0	0
	<b>Total Remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Ceased to be a Director with effect from March 15, 2019

#Appointed as an Additional Director with effect from March 15, 2019

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD: NOT APPLICABLE**viii) **PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

**For and on behalf of the Board of Directors**Place: Mumbai  
Date: April 30, 2019**Anisetty Naveen Kumar**  
Director  
(DIN: 06931544)**Kedar Krishna Gadgil**  
Director  
(DIN: 07224639)

## INDEPENDENT AUDITOR'S REPORT

To the Members of **RULETRONICS SYSTEMS PRIVATE LIMITED**

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of **M/s. RULETRONICS SYSTEMS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, and statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Financial Statements.

#### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for Financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and protection Fund by the Company.

**For Meenavalli & Associates**

Chartered Accountants  
FRN:012208S

Place: Hyderabad  
Date: April 30, 2019

CA.M.Machar Rao  
Partner  
M.No:218836

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **RULETRONICS SYSTEMS PRIVATE LIMITED** of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **RULETRONICS SYSTEMS PRIVATE LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (Contd.)**

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Meenavalli & Associates**

Chartered Accountants  
FRN:012208S

Place: Hyderabad  
Date: April 30, 2019

CA.M.Machar Rao  
Partner  
M.No:218836

## ANNEXURE “B” TO THE AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Member of **RULETRONICS SYSTEMS PRIVATE LIMITED of even date**)

- i. In respect of fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company.
- ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, Paragraph 3(iii) of the order is not applicable to the company.
- iv. The Company has made no investments, loans, guarantees and security. Therefore, Section 185 and 186 of the Companies Act, 2013 is not applicable to the Company.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3(v) of the order is not applicable to the company.
- vi. The maintenance of the cost record has not been specified by the Central Government under section 148(1) of the companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the company.
- vii.
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, value added tax, Goods and Services Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
  - b. According to the information and explanations given to us, the company has no disputed amount payable in respect of Provident Fund, Employees’ State Insurance, Income tax, sales tax, service tax, Goods and Services Tax and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they become payable.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Paragraph 3(xi) is not applicable to private limited companies.
- xii. The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

## **ANNEXURE “B” TO THE AUDITOR’S REPORT (Contd.)**

- xv. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Meenavalli & Associates**

Chartered Accountants  
FRN:012208S

Place: Hyderabad  
Date: April 30, 2019

CA.M.Machar Rao  
Partner  
M.No:218836



**BALANCE SHEET AS AT MARCH 31, 2019**

Particulars	Note	As at Mar 31, 2019 Amount (INR)	As at Mar 31, 2018 Amount (INR)	As at April 1, 2017 Amount (INR)
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	1	2,426,128	2,269,686	1,578,219
(b) Other Intangible assets	1	89,117	-	-
(c) Financial Assets				
(i) Loans	2	25,000	25,000	25,000
<b>Total Non-Current Assets</b>		<b>2,540,245</b>	<b>2,294,686</b>	<b>1,603,219</b>
<b>Current assets</b>				
(a) Financial Assets				
(i) Trade receivable	3	27,604,748	10,280,011	4,490,301
(ii) Unbilled Revenue	4	23,436,719	-	-
(iii) Cash and Cash Equivalents	5	2,127,652	1,125,847	128,999
(iv) Other bank balances	6	2,595,449	-	-
(b) Other current assets	7	1,162,088	994,679	1,044,705
<b>Total Current Assets</b>		<b>56,926,656</b>	<b>12,400,537</b>	<b>5,664,005</b>
<b>TOTAL ASSETS</b>		<b>59,466,901</b>	<b>14,695,224</b>	<b>7,267,224</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	8	5,100,000	100,000	100,000
(b) Other Equity				
(i) Retained Earnings	9	33,136,737	6,666,851	436,808
<b>Total Equity</b>		<b>38,236,737</b>	<b>6,766,851</b>	<b>536,808</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Deferred tax liabilities (net)	10	209,494	218,531	167,380
<b>Total Non-Current Liabilities</b>		<b>209,494</b>	<b>218,531</b>	<b>167,380</b>
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	11	6,000,000	-	-
(ii) Trade Payables				
Due to Micro medium & Small Enterprises		-	-	-
Due to others	12	6,361,341	1,516,156	1,112,250
(iii) Other Financial Liabilities	13	29,999	4,961,000	4,450,000
(b) Other Current Liabilities	14	768,262	381,519	755,936
(c) Current income tax Liabilities (Net)	15	7,861,068	851,167	244,850
<b>Total Current Liabilities</b>		<b>21,020,670</b>	<b>7,709,842</b>	<b>6,563,036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,466,901</b>	<b>14,695,224</b>	<b>7,267,224</b>

**Notes referred to above form an integral part of Balance sheet**

As per our report of even date attached.

For and on Behalf of the Board

**For MEENAVALLI & ASSOCIATES**Chartered Accountants  
ICAI Firm Reg.No.012208S**NAVEEN KUMAR ANISETTY**Director  
(DIN : 06931544)**CA M Machar Rao**Partner  
M.No.218836**KEDAR KRISHNA GADGIL**Director  
(DIN : 07224639)Place: Hyderabad  
Date: 30/04/2019

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019**

Particulars	Note	2018-19	Feb - Mar 19	2017-18
		Amount (INR)	Amount (INR)	Amount (INR)
<b>Total Income:</b>				
Revenue from Operations	16	118,206,933	10,314,307	47,351,210
Other Income	17	(734,676)	(97,450)	(250,883)
		<b>117,472,257</b>	<b>10,216,857</b>	<b>47,100,327</b>
Expenses:				
Employee Benefit Expense	18	62,731,170	13,762,177	26,638,224
Operating expenses	19	8,209,029	1,619,202	4,592,921
Depreciation and Amortisation		1,350,323	84,477	992,805
Other expenses	20	7,623,741	474,901	6,711,120
Total Expenses		<b>79,914,263</b>	<b>15,940,757</b>	<b>38,935,070</b>
<b>Profit before tax</b>		<b>37,557,994</b>	<b>(5,723,900)</b>	<b>8,165,257</b>
Tax expense				
Current tax (net)		11,097,145	(1,404,076)	2,059,928
Deferred tax		(9,037)	(25,461)	51,151
		<b>11,088,108</b>	<b>(1,429,537)</b>	<b>2,111,079</b>
<b>Profit after tax</b>		<b>26,469,886</b>	<b>(4,294,363)</b>	<b>6,054,178</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>26,469,886</b>	<b>(4,294,363)</b>	<b>6,054,178</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>26,469,886</b>	<b>(4,294,363)</b>	<b>6,054,178</b>

**Notes referred to above form an integral part of Profit & Loss Account**

As per our report of even date attached.

For and on Behalf of the Board

**For MEENAVALI & ASSOCIATES**Chartered Accountants  
ICAI Firm Reg.No.012208S**NAVEEN KUMAR ANISETTY**Director  
(DIN : 06931544)**CA M Machar Rao**Partner  
M.No.218836**KEDAR KRISHNA GADGIL**Director  
(DIN : 07224639)Place: Hyderabad  
Date: 30/04/2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	2018-19 INR	2017-18 INR
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>37,557,994</b>	<b>8,165,257</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	1,350,323	992,805
Interest received	(156,054)	-
<b>Operating profit before working capital changes</b>	<b>38,752,263</b>	<b>9,158,062</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables and unbilled revenue	(40,761,456)	(5,789,710)
(Increase)/decrease in other receivables	(167,409)	50,026
Increase/(decrease) in trade & other payables	7,310,828	1,146,806
<b>(Increase)/decrease in working capital</b>	<b>(33,618,037)</b>	<b>(4,592,878)</b>
<b>Cash generated from/(used in) operations</b>	<b>5,134,226</b>	<b>4,565,184</b>
Direct taxes paid	(11,097,145)	(2,059,928)
<b>Net cash from operating activities</b>	<b>(5,962,919)</b>	<b>2,505,256</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,595,882)	(1,684,272)
Interest received	156,054	-
<b>Net cash used in/(generated from) investing activities</b>	<b>(1,439,828)</b>	<b>(1,684,272)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital	5,000,000	-
Proceeds from/(repayment) of borrowings	6,000,000	-
<b>Net cash from financing activities</b>	<b>11,000,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,597,253</b>	<b>820,984</b>
Opening Cash and cash equivalents	1,125,848	128,999
Increase in Cash and Cash Equivalents due to previous year adjustments	-	175,865
<b>Closing Cash and cash equivalents</b>	<b>4,723,101</b>	<b>1,125,848</b>

As per our report of even date attached.

**For MEENAVALI & ASSOCIATES**Chartered Accountants  
ICAI Firm Reg.No.012208S**CA M Machar Rao**Partner  
M.No.218836Place: Hyderabad  
Date: 30/04/2019

For and on Behalf of the Board

**NAVEEN KUMAR ANISETTY**Director  
(DIN : 06931544)**KEDAR KRISHNA GADGIL**Director  
(DIN : 07224639)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Particulars	INR		
	Share Capital	Retained Earnings	Total Equity
<b>Balance as on April 1, 2018</b>	100,000	6,666,851	11,766,851
Net Profit for the year	-	26,469,886	26,469,886
Other changes/ Trf to general reserve.	5,000,000	-	-
<b>Balance as on March 31, 2019</b>	<b>5,100,000</b>	<b>33,136,737</b>	<b>38,236,737</b>

As per our report of even date attached.

**For MEENAVALI & ASSOCIATES**

Chartered Accountants  
ICAI Firm Reg.No.012208S

**CA M Machar Rao**

Partner  
M.No.218836

Place: Hyderabad  
Date: 30/04/2019

For and on Behalf of the Board

**NAVEEN KUMAR ANISETTY**

Director  
(DIN : 06931544)

**KEDAR KRISHNA GADGIL**

Director  
(DIN : 07224639)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	INR		
	Share Capital	Retained Earnings	Total Equity
<b>Balance as on April 1, 2017</b>	100,000	612,673	712,673
Net Profit for the year	-	6,054,178	6,054,178
Other changes/ Trf to general reserve.	-	-	-
<b>Balance as on March 31, 2018</b>	<b>100,000</b>	<b>6,666,851</b>	<b>6,766,851</b>

As per our report of even date attached.

**For MEENAVALI & ASSOCIATES**

Chartered Accountants  
ICAI Firm Reg.No.012208S

**CA M Machar Rao**

Partner  
M.No.218836

Place: Hyderabad  
Date: 30/04/2019

For and on Behalf of the Board

**NAVEEN KUMAR ANISETTY**

Director  
(DIN : 06931544)

**KEDAR KRISHNA GADGIL**

Director  
(DIN : 07224639)

## Notes accompanying the Financial Statements for the year ended March 31, 2019

## 1. Property, Plant &amp; Equipment

Fixed and Intangible Assets	Gross Block			Depreciation/Amortisation			Net Block		
	As at 1-April-18	Additions	Deductions	As at 31-Mar-19	As at 1-April-18	For the year	On Deductions	As at 31-Mar-19	As at 31-Mar-18
<b>Tangible Assets</b>									
Owned Computers	3,447,032	1,469,865	-	4,916,897	1,289,742	1,321,099	-	2,306,056	2,157,290
Office equipments	130,176	25,990	-	156,166	17,780	18,314	-	120,072	112,396
<b>Total of tangible assets</b>	<b>3,577,208</b>	<b>1,495,855</b>	<b>-</b>	<b>5,073,063</b>	<b>1,307,522</b>	<b>1,339,413</b>	<b>-</b>	<b>2,426,128</b>	<b>2,269,686</b>
<b>Intangible assets</b>									
Software	-	100,027	-	100,027	-	10,910	-	89,117	-
<b>Total of intangible assets</b>	<b>-</b>	<b>100,027</b>	<b>-</b>	<b>100,027</b>	<b>-</b>	<b>10,910</b>	<b>-</b>	<b>89,117</b>	<b>-</b>

## 1. Property, Plant &amp; Equipment

Fixed and Intangible Assets	Gross Block			Depreciation/Amortisation			Net Block		
	As at 1-April-17	Additions	Deductions	As at 31-Mar-18	As at 1-April-17	For the year	On Deductions	As at 31-Mar-18	As at 31-Mar-17
<b>Tangible Assets</b>									
Owned Computers	1,762,760	1,684,272	-	3,447,032	310,987	978,755	-	2,157,290	1,451,773
Office equipments	130,176	-	-	130,176	3,730	14,050	-	112,396	126,446
<b>Total of tangible assets</b>	<b>1,892,936</b>	<b>1,684,272</b>	<b>-</b>	<b>3,577,208</b>	<b>314,717</b>	<b>992,805</b>	<b>-</b>	<b>2,269,686</b>	<b>1,578,219</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

2 Non- Current Assets	As at Mar 31, 2019	As at Mar 31, 2018	As at April 1, 2017
	INR	INR	INR
<b>Loans</b>			
Security Deposits			
Unsecured -Considered good	25,000	25,000	25,000
	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>3 Trade receivables</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2018</b>	<b>As at April 1, 2017</b>
	INR	INR	INR
Considered good - Secured			
Considered good - Unsecured			
- Others	28,169,041.42	10,280,010.96	4,490,301.00
<b>Less : Allowance as per ECL matrix</b>	(564,293.25)	-	-
	<b>27,604,748</b>	<b>10,280,011</b>	<b>4,490,301</b>
<b>4 Unbilled Revenue</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2018</b>	<b>As at April 1, 2017</b>
	INR	INR	INR
Unbilled Revenue	23,436,719	-	-
	<b>23,436,719</b>	<b>-</b>	<b>-</b>
<b>5 Cash &amp; Cash Equivalent</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2018</b>	<b>As at April 1, 2017</b>
	INR	INR	INR
Cash on hand	256,587	231,587	25,000
Balances with Bank			
- In current accounts			
Domestic	1,871,066	894,260	103,999
	<b>2,127,653</b>	<b>1,125,847</b>	<b>128,999</b>
<b>6 Other bank balance</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2018</b>	<b>As at April 1, 2017</b>
	INR	INR	INR
<b>Cash and bank balance not available for immediate use</b>	2,595,449	-	-
	<b>2,595,449</b>	<b>-</b>	<b>-</b>
<b>7 Other Current Assets</b>	<b>As at Mar 31, 2019</b>	<b>As at Mar 31, 2018</b>	<b>As at April 1, 2017</b>
	INR	INR	INR
<b>Advances recoverable in cash or in kind</b>	190,058	82,649	132,675
Prepaid Expenses	972,030	912,030	912,030
	<b>1,162,088</b>	<b>994,679</b>	<b>1,044,705</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### 8 Equity Share Capital

I) Particulars	As at Mar 31, 2019		As at Mar 31, 2018		As at April 1, 2017	
	No. of shares	INR	No. of shares	INR	No. of shares	INR
<b>Authorised :</b>						
10,00,000 Ordinary shares of ₹ 10/- each	1,000,000	10,000,000	10,000	100,000	10,000	100,000
<b>Issued, paid up and subscribed</b>						
5,10,000 Ordinary shares of ₹ 10/- each	510,000	5,100,000	10,000	100,000	10,000	100,000
	<b>510,000</b>	<b>5,100,000</b>	<b>10,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>

### II) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at Mar 31, 2019		As at Mar 31, 2018		As at April 1, 2017	
	No. of shares	INR	No. of shares	INR	No. of shares	INR
At the beginning of the year	10,000	100,000	10,000	100,000	10,000	100,000
Issued during the year as fully paid up	500,000	5,000,000	-	-	-	-
<b>At the end of the year</b>	<b>510,000</b>	<b>5,100,000</b>	<b>10,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>

### III) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

### IV) Shareholders holding more than 5% of equity shares as at the end of the year:

Particulars	As at Mar 31, 2019		As at Mar 31, 2018		As at April 1, 2017	
	No. of shares	% of Shares	No. of shares	% of Shares	No. of shares	% of Shares
Naveen Kumar Anisetty	-	-	2,300	23.00%	2,500	25.00%
Anuradha Chaliki	-	-	2,300	23.00%	2,500	25.00%
R Manorama Devi	-	-	2,300	23.00%	2,500	25.00%
Sree Pradeep Kumar Naidu	-	-	2,300	23.00%	2,500	25.00%
Gounda Imthiyaz Basha	-	-	800	8.00%	-	-
L & T Infotech Limited	509,999	100.00%	-	-	-	-
	<b>510,000</b>	<b>100.00%</b>	<b>10,000</b>	<b>100.00%</b>	<b>10,000</b>	<b>100.00%</b>

### 9 Other Equity

	As at Mar 31, 2019	As at Mar 31, 2018	As at April 1, 2017
	INR	INR	INR
<b>Retained Earnings</b>			
Opening balance	6,666,851	436,808	(435,930)
Add: Adjustment to Reserves - FY 2016-17	-	175,865	-
Add: Profit for the year	26,469,886	6,054,178	872,738
<b>Balance to be carried forward</b>	<b>33,136,737</b>	<b>6,666,851</b>	<b>436,808</b>



## Notes accompanying the Financial Statements for the year ended March 31, 2019

10 Deferred tax liabilities	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
Deferred Tax Liability	209,494	218,531	167,380
<b>Total</b>	<b>209,494</b>	<b>218,531</b>	<b>167,380</b>
11 Current Borrowings	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
<b>Financial Liabilities</b>			
Unsecured loans			
Unsecured Loan from Holding Company	6,000,000	-	-
<b>Total</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>
12 Trade Payable	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
<b>Due to Fellow Subsidiaries</b>	4,568,134	-	-
Due to Micro & Small Enterprises	-	-	-
Due to Others	1,793,208	1,516,156	1,112,250
<b>Total</b>	<b>6,361,341</b>	<b>1,516,156</b>	<b>1,112,250</b>
13 Other Financial Liabilities	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
<b>Liabilities for Employee benefits</b>	29,999	4,961,000	4,450,000
	<b>29,999</b>	<b>4,961,000</b>	<b>4,450,000</b>
14 Other Current Liabilities	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
<b>Other payables</b>	768,262	381,519	755,936
<b>Total</b>	<b>768,262</b>	<b>381,519</b>	<b>755,936</b>
15 Tax Liabilities	As at Mar 31, 2019 INR	As at Mar 31, 2018 INR	As at April 1, 2017 INR
<b>Current Tax liabilities</b>	7,861,068	851,167	244,851
	<b>7,861,068</b>	<b>851,167</b>	<b>244,851</b>
16 Revenue from Operations	2018-19 INR	Feb - Mar 19 INR	2017-18 INR
<b>Sale of Services</b>	118,206,933	10,314,307	47,351,210
	<b>118,206,933</b>	<b>10,314,307</b>	<b>47,351,210</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

<b>17 Other Income</b>	<b>2018-19</b>	<b>Feb - Mar 19</b>	<b>2017-18</b>
	<b>INR</b>	<b>INR</b>	<b>INR</b>
Interest received	156,054	-	-
Foreign Exchange Gain/(Loss)	(890,730)	(97,450)	(250,883)
	<b>(734,676)</b>	<b>(97,450)</b>	<b>(250,883)</b>

<b>18 Employee Benefit Expense</b>	<b>2018-19</b>	<b>Feb - Mar 19</b>	<b>2017-18</b>
	<b>INR</b>	<b>INR</b>	<b>INR</b>
Salaries including overseas staff expenses	59,882,997	13,194,929	26,364,204
Staff welfare	208,340	60,401	274,020
Contribution to provident and other funds	2,639,833	506,847	-
	<b>62,731,170</b>	<b>13,762,177</b>	<b>26,638,224</b>

<b>19 Operating expenses</b>	<b>2018-19</b>	<b>Feb - Mar 19</b>	<b>2017-18</b>
	<b>INR</b>	<b>INR</b>	<b>INR</b>
Travelling and conveyance	1,498,723	86,234	477,905
Rent and establishment expenses	2,169,060	364,010	1,892,460
Telephone charges and postage	121,670	18,620	836,012
Advertisement	14,213	-	5,861
Recruitment expenses	91,000	-	-
Repairs and Maintenance	1,025,883	214,833	707,672
Power and fuel	308,468	44,172	322,534
Insurance charges	12,780	-	251,500
Rates and taxes	98,113	7,450	29,496
Allowance for doubtful debts and advances	716,441	716,441	-
Bad debts	1,636,128	63,841	-
Miscellaneous expenses	516,550	103,601	69,481
	<b>8,209,029</b>	<b>1,619,202</b>	<b>4,592,921</b>

<b>20 Other expenses</b>	<b>2018-19</b>	<b>Feb - Mar 19</b>	<b>2017-18</b>
	<b>INR</b>	<b>INR</b>	<b>INR</b>
Legal and Professional Charges	7,596,262	470,305	6,692,801
Other miscellaneous expenses	27,479	4,596	18,319
	<b>7,623,741</b>	<b>474,901</b>	<b>6,711,120</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### 21. First time adoption of Ind AS

#### Reconciliation of Balance sheet as at April 1, 2017

Particulars	As per iGAAP Amount (INR)	Ind AS Adjustments Amount (INR)	As per Ind AS Amount (INR)
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	1,578,219	-	1,578,219
(b) Other Intangible assets	-	-	-
(c) Financial Assets			
(i) Loans	25,000	-	25,000
<b>Total Non-Current Assets</b>	<b>1,603,219</b>	<b>-</b>	<b>1,603,219</b>
<b>Current assets</b>			
(a) Financial Assets			
(i) Trade receivable	4,490,301	-	4,490,301
(ii) Unbilled Revenue	-	-	-
(iii) Cash and Cash Equivalents	128,999	-	128,999
(iv) Other bank balances	-	-	-
(b) Other current assets	1,044,705	-	1,044,705
<b>Total Current Assets</b>	<b>5,664,005</b>	<b>-</b>	<b>5,664,005</b>
<b>TOTAL ASSETS</b>	<b>7,267,224</b>	<b>-</b>	<b>7,267,224</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	100,000	-	100,000
(b) Other Equity			
(i) Retained Earnings	436,808	-	436,808
<b>Total Equity</b>	<b>536,808</b>	<b>-</b>	<b>536,808</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	167,380	-	167,380
<b>Total Non-Current Liabilities</b>	<b>167,380</b>	<b>-</b>	<b>167,380</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	-	-
(ii) Trade Payables			
Due to Micro medium & Small Enterprises	-	-	-
Due to others	1,112,250	-	1,112,250
(iii) Other Financial Liabilities	4,450,000	-	4,450,000
(b) Other Current Liabilities	755,936	-	755,936
(c) Current income tax Liabilities (Net)	244,850	-	244,850
<b>Total Current Liabilities</b>	<b>6,563,036</b>	<b>-</b>	<b>6,563,036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,267,224</b>	<b>-</b>	<b>7,267,224</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### 21. First time adoption of Ind AS

Reconciliation of Balance sheet as at March 31, 2018

Particulars	As per iGAAP Amount (INR)	Ind AS Adjustments Amount (INR)	As per Ind AS Amount (INR)
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	2,269,686	-	2,269,686
(b) Other Intangible assets	-	-	-
(c) Financial Assets			
(i) Loans	25,000	-	25,000
<b>Total Non-Current Assets</b>	<b>2,294,686</b>	<b>-</b>	<b>2,294,686</b>
<b>Current assets</b>			
(a) Financial Assets			
(i) Trade receivable	10,280,011	-	10,280,011
(ii) Unbilled Revenue	-	-	-
(iii) Cash and Cash Equivalents	1,125,847	-	1,125,847
(iv) Other bank balances	-	-	-
(b) Other current assets	994,679	-	994,679
<b>Total Current Assets</b>	<b>12,400,537</b>	<b>-</b>	<b>12,400,537</b>
<b>TOTAL ASSETS</b>	<b>14,695,224</b>	<b>-</b>	<b>14,695,224</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	100,000	-	100,000
(b) Other Equity			
(i) Retained Earnings	6,666,851	-	6,666,851
<b>Total Equity</b>	<b>6,766,851</b>	<b>-</b>	<b>6,766,851</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	218,531	-	218,531
<b>Total Non-Current Liabilities</b>	<b>218,531</b>	<b>-</b>	<b>218,531</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	-	-
(ii) Trade Payables			
Due to Micro medium & Small Enterprises	-	-	-
Due to others	1,516,156	-	1,516,156
(iii) Other Financial Liabilities	4,961,000	-	4,961,000
(b) Other Current Liabilities	381,519	-	381,519
(c) Current income tax Liabilities (Net)	851,167	-	851,167
<b>Total Current Liabilities</b>	<b>7,709,842</b>	<b>-</b>	<b>7,709,842</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,695,224</b>	<b>-</b>	<b>14,695,224</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### 21. First time adoption of Ind AS

#### Reconciliation of Profit and Loss as at March 31, 2018

Particulars	Note	As per iGAAP Amount (INR)	Ind AS Adjustments Amount (INR)	As per Ind AS Amount (INR)
<b>Total Income:</b>				
Revenue from Operations	16	47,351,210	-	47,351,210
Other Income	17	(250,883)	-	(250,883)
		<b>47,100,327</b>	<b>-</b>	<b>47,100,327</b>
Expenses:				
Employee Benefit Expense	18	26,638,224	-	26,638,224
Operating expenses	19	4,592,921	-	4,592,921
Depreciation and Amortisation		992,805	-	992,805
Other expenses	20	6,711,120	-	6,711,120
<b>Total Expenses</b>		<b>38,935,070</b>	<b>-</b>	<b>38,935,070</b>
<b>Profit before tax</b>		<b>8,165,257</b>	<b>-</b>	<b>8,165,257</b>
Tax expense				
Current tax (net)		2,059,928	-	2,059,928
Deferred tax		51,151	-	51,151
		<b>2,111,079</b>	<b>-</b>	<b>2,111,079</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>6,054,178</b>	<b>-</b>	<b>6,054,178</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,054,178</b>	<b>-</b>	<b>6,054,178</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### A1 Corporate Information

Ruletronics Systems Private Limited ("the Company") is a wholly owned subsidiary by Larsen & Toubro Infotech Limited from February 1, 2019. The Company provides IT consultancy and support service specializing in Pega solutions.

### A2 Significant Accounting Policies

#### a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards Amendment) Rules, 2016 and Companies (Indian Accounting Standards Amendment) Rules 2017. This is the first IndAS compliant financial statements. Refer note 21 "First - time adoption of Ind AS" for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the company's financial statements.

Amount in financial statements are presented in Indian INR as permitted by schedule III to the companies Act, 2013.

#### b. Presentation of financial statements

The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### c. Property, plant and equipment

Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

#### d. Intangible assets

Computer softwares are stated at cost less accumulated depreciation, amortisation and impairment.

#### e. Depreciation

##### i) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on addition and disposal are calculated on pro-rata basis from and to the month of additions and disposal.

## Notes accompanying the Financial Statements for the year ended March 31, 2019

Sl No.	Particulrs	Useful Life
1	Computer and IT Peripherals	Upto 3 years
2	Plant and Machinery	Upto 10 years
3	Office Equipment	Upto 10 years
4	Furniture and Fixtures	Upto 10 years

### ii) Intangible assets

the estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition and other economic factor and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

Sl No.	Particulrs	Useful Life
1	Computer Software	Upto 3 years

### f. Functional and presentation currency

The functional and presentation currency of the company is the Indian Rupee as it is the currency of primary economic environment in which the company operates.

### g. Foreign currency transactions and balances

Foreign currency transactions are intially recorded at the rates prevailing on the date of transaction. At the balance sheet date, foreign currency monetary item are reported using the closing rate.

### h. Impairment of Assets

As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

### i. Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realized/settled, or is intended for sale or consumption, in the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realized/due to be settled within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or
- v. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

### j. Income Tax

#### Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **k. Leases**

#### Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Lease rentals are charged to the profit and loss account on accrual basis.

The company after assessing the impacts of "INDAS 116 - Leases" have concluded that all the lease agreement fall under short term lease agreements & hence it does not have any impact on financials.

### **l. Financial Instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **i) Financial assets**

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

#### **Subsequent measurement**

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### **ii) Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings,



## Notes accompanying the Financial Statements for the year ended March 31, 2019

payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

### **Subsequent measurement**

- Fair value through profit or loss (FVTPL): Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### **m. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks.

### **n. Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized: Revenue from contracts priced on time and material basis is recognised when services are rendered and related costs are incurred.

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". The adoption of the standard does not have any material impact on the financial results of the Company for the year ended March 31, 2019.

### **o. Other Income**

- I) Interest income is accrued at applicable interest rate.
- II) Dividend income is accounted in the period in which the right to receive the same is established.
- III) Other items of income are accounted as and when the right to receive arises.

### **p. Employee benefits**

#### **i) Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

#### **ii) Post Employment Benefits**

##### Defined contribution plan

The company's state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service.

### **q. Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I) the Company has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

- I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

## Notes accompanying the Financial Statements for the year ended March 31, 2019

II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### r. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

### A3 Dues to micro enterprises and small enterprises

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier and vendors of the company. Based on the information available with the Company, as at the year end, no vendors are classified as MSMED.

### A4 Disclosure of Related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

#### a) List of related parties

**Holding Company :**

Larsen & Toubro Infotech Limited (Since February 1, 2019)

**LTI Subsidiaries:**

Larsen & Toubro Infotech GmbH (LTI GmbH)

Larsen & Toubro Infotech Canada Limited

Larsen & Toubro Infotech LLC

L&T Infotech Financial Services Technologies Inc.

Larsen & Toubro Infotech South Africa (Pty) Limited

L&T Information Technology Services (Shanghai) Co. Ltd

Larsen & Toubro Infotech Austria GmbH

L&T Information Technology Spain, SL

L&T Infotech S.de. RL. C.V

Larsen & Toubro Infotech Norge AS

Syncordis Software Services India Private Limited

Syncordis S.A. Luxembourg

Syncordis SARL, France

Syncordis Limited, UK

Syncordis PSF S.A.

Ruletronics Limited , UK

Ruletronics Systems Inc, US

Nielsen + Partner Unternehmensberater GmBH, Germany

Nielsen + Partner SA, Luxembourg

Nielsen + Partner Unternehmensberater AG, Switzerland

Nielsen + Partner Pte Ltd, Singapore

Nielsen & Partner Pty Ltd, Australia

Nielsen + Partner Co Ltd, Thailand

**Key Managerial Persons:**

Naveen Kumar Anisetty

**Company exercising significant influence :**

Larsen & Toubro Infotech Limited

Particulars	2018-19	2017-18
	INR	INR
<b>Rendering IT and Support services</b>		
Ruletronics Limited, UK	27,118,261	27,094,829
Ruletronics Systems Inc, US	11,391,883	10,039,555
Loan from Holding company	6,000,000	-

## Notes accompanying the Financial Statements for the year ended March 31, 2019

### b) Amount due to and due from related parties(net):

Particulars	Amounts due (to)/from	
	March 31, 2019	March 31, 2018
Larsen & Toubro Infotech Limited	(6,000,000)	-
Ruletronics Limited, UK	(3,607,829)	3,336,413
Ruletronics Systems Inc, US	(960,305)	1,821,898
Loan from Director	-	4,961,000

### c) Terms and conditions of transactions with related parties:

- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.
- Loan from parent is taken at 7% rate of interest while other trade outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash
- There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil.). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

- d) No amount of due from related parties has been written off during the year (Previous year ₹ Nil). No amount due to related parties has been written back during the year (Previous year ₹ nil). For the year ended March 31, 2019, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2018 : ₹ Nil.). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

### A5 Deferred Tax Asset/Liability

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

Major components of Deferred tax liabilities and assets.

Particulars	As at	As at
	31-March-2019	31-March-2018
	INR	INR
a) WDV of Assets	(209,494)	(218,531)
<b>Net Deferred Tax Assets/ ( Liabilities)</b>	<b>(209,494)</b>	<b>(218,531)</b>

### A6 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2018-19 INR	2017-18 INR
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	26,469,886	6,054,178
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	510,000	100,000
<b>Basic and diluted earnings per equity share (₹)</b>	A / B	<b>51.90</b>	<b>60.54</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2019

Particulars		2018-19 INR	2017-18 INR
<b>Diluted earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	26,469,886	6,054,178
Add : Interest on convertibles (net of tax)	B	-	-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	26,469,886	6,054,178
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	510,000	100,000
Add : Shares deemed to be issued for no consideration in respect of :	E	-	-
Compulsorily convertible preference share capital	F	-	-
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	510,000	100,000
<b>Diluted earnings per equity share (₹)</b>		<b>51.90</b>	<b>60.54</b>
Face value per equity share (₹)		10.00	10.00

### A7 Financial Instruments

#### Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2019			31.03.2018		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Security Deposits	2	-	-	25,000	-	-	25,000
Trade receivables	3	-	-	27,604,748	-	-	10,280,011
Unbilled Revenue	4	-	-	23,436,719	-	-	-
Cash and cash equivalents	5	-	-	2,127,653	-	-	1,125,847
Other Bank Balances	6	-	-	2,595,449	-	-	-
<b>Total Financial Asset</b>		-	-	<b>55,789,569</b>	-	-	<b>11,430,858</b>
<b>Financial liability</b>							
Loans from related parties	11	-	-	6,000,000	-	-	-
Trade Payables	12	-	-	6,361,341	-	-	1,516,156
Other Financial Liabilities	13	-	-	29,999	-	-	4,961,000
<b>Total Financial Liabilities</b>		-	-	<b>12,391,340</b>	-	-	<b>6,477,156</b>

### A8 Disclosure pursuant to Ind AS 12 - "Income taxes"

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018:

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
	INR	INR
Accounting profit before tax	37,557,994	8,165,257
Applicable tax rate	27.82%	25.75%
<b>Profit before tax * Applicable tax rate</b>	<b>10,448,634</b>	<b>2,102,554</b>

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
	INR	INR
(Short) / Excess Provision	648,511	(42,626)
Effect of Deferred Taxes	(9,037)	51,151
Income tax expense reported in the statement of profit and loss	<b>11,088,108</b>	<b>2,111,079</b>

**A9 Events occurring after the reporting period**

The financial statements were approved by the Board of Directors on April 30, 2019 and there are no significant events occurring after Balance sheet date.

**A10 Investor Education and Protection Fund**

The Company is not required to transfer any amount to Investor Education and Protection Fund.

As per our report of even date attached.

**For MEENAVALI & ASSOCIATES**

Chartered Accountants  
ICAI Firm Reg.No.012208S

**CA M Machar Rao**

Partner  
M.No.218836

Place: Hyderabad  
Date: 30/04/2019

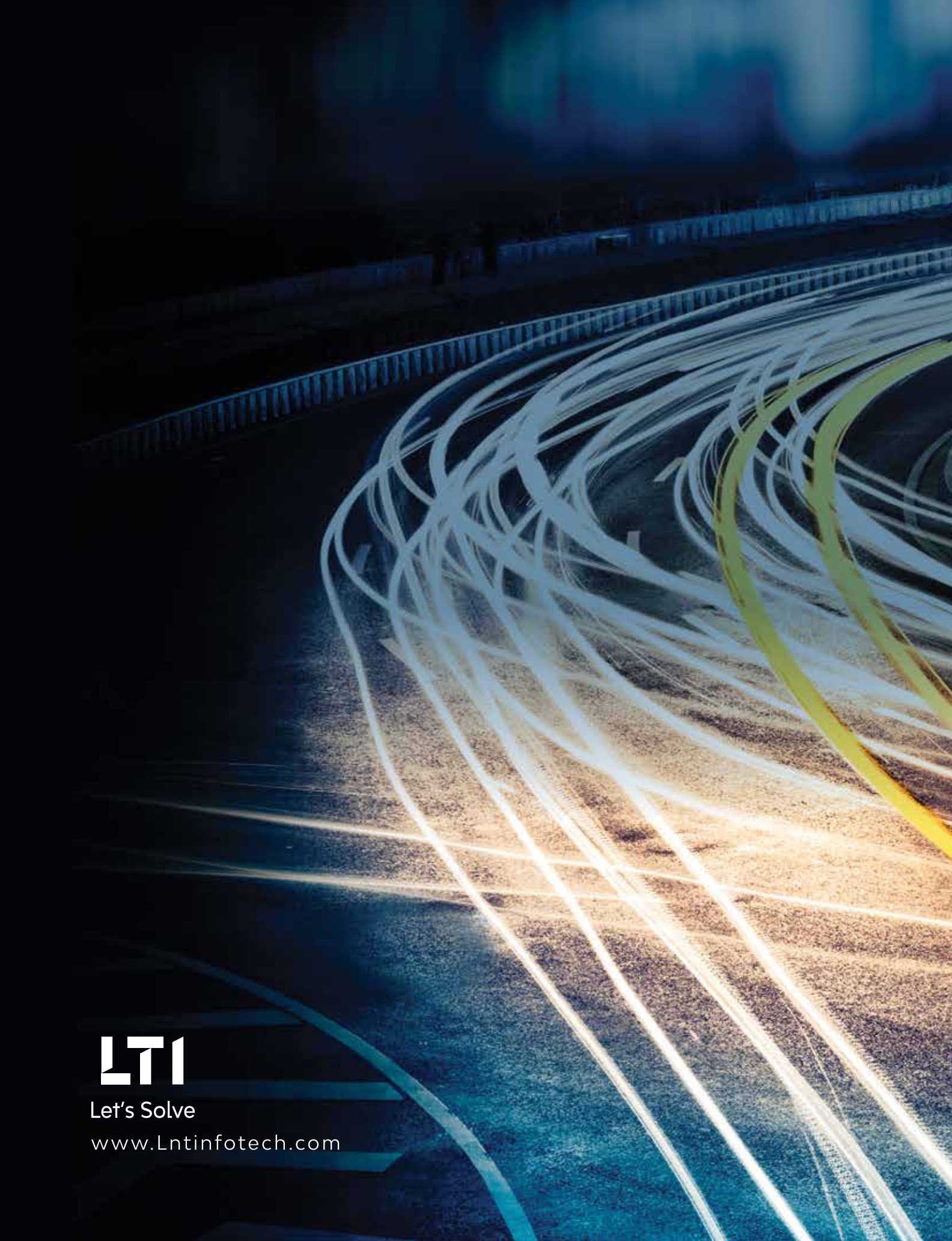
For and on Behalf of the Board

**NAVEEN KUMAR ANISETTY**

Director  
(DIN : 06931544)

**KEDAR KRISHNA GADGIL**

Director  
(DIN : 07224639)



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