

NIIT Technologies Limited

(Registered Number: 2648481)

**Annual Report and Financial Statements
for the year ended 31 March 2020**

NIIT Technologies Limited

Contents

	Pages
Directors and advisors	1
Strategic report	2-3
Directors' report	4-9
Independent auditors' report	10-12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Notes to the financial statements	16 - 29

NIIT Technologies Limited

Directors and Advisors

Directors

Sudhir Singh
Gautam Samanta

Company secretary

Abogado Nominees Limited

Company number

2648481

Registered office

100 New Bridge Street
London
EC4V 6JA

Independent auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Lloyds TSB
56 High Street
Marlow
SL7 1AJ

CitiBank NA
Global Subsidiaries Group Centre
Canary Wharf
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E14 5LB

Crédit Agricole d'Ile-de-France
31 Rue De Constantine
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75007

Business address

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47 Mark Lane
London
EC3R 7QQ

Branch office

71 avenue Victor Hugo
75116 Paris
France

NIIT Technologies Limited

Strategic report for the year ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

Principal activities

The Company provides services in Software Application Development and Maintenance, Software Testing, Enterprise Solutions including Package Implementation, Infrastructure Managed Services and System Integration to organisations based in the UK and rest of the world.

Business review

The revenue profile of NIIT Technologies Limited, UK is diversified across the main verticals of Travel and Transportation, Banking and Financial Services (BFS), Insurance, Public Sector, Media and Entertainment technologies. The acquisition of Whishworks by the Parent company during the financial year has provided us with a strong footprint in the Retail sector in UK as well.

The UK business has been operating in a very competitive yet resilient business environment for major part of the period under review till the disruption caused by Covid-19, impacting the economic activities towards the latter part of quarter four. The company has shown a healthy increase in its turnover in the current financial year primarily due to growth in few strategic accounts as well as winning new accounts during the year. Partnering with businesses to strategize and provide service offerings using new emerging technologies is critical to retaining a competitive edge. NIIT strives to aggressively grow its existing client portfolio and increase its business footprint especially in the areas of Data & Analytics, Digital Transformation, Infrastructure transformation and Cloud journey and Automation. A major contribution of the UK revenue emanates from its existing clients in its focused verticals. Travel & Transportation continues to be the major vertical for the UK followed by BFS, Insurance, Public Sector, Retail and Media and Entertainment. The Infrastructure Managed Services business continues to see increased traction in the UK market across verticals with both the private sector and public sector exploring outsourcing and cloud adoption options to further rationalise their costs.

The results for the Company show profit on ordinary activities before taxation of £ 7,210,310 (2019: £5,536,946) for the year and turnover of £ 73,957,862 (2018: £62,678,647). Operating Profit is marginally lower as compared to the previous year. This is primarily due to an increase in the cost of sales. Profit on ordinary activities before taxation is higher as compared to the previous year. This is attributed to a higher dividend from group companies and savings on administration costs over the previous year.

The Company has net assets of £26,372,259 (2019: £24,688,756).

An interim dividend has been paid during the year of £5,000,000 at the rate of £1.526 per share (2019: £5,000,000). The directors do not recommend payment of a final dividend (2019: Nil).

Key performance indicators

	2020 £000	2020 INR 000	2019 £000	2019 INR 000	Change %
1. Turnover	73,958	66,62,137	62,679	57,39,591	18
2. Profit before tax	7,210	6,49,477	5,537	5,07,030	30.2
3. Shareholder funds	26,372	24,75,540	24,689	22,30,905	6.8
4. Employees	362	362	332	332	9

The Company's turnover increased by 18.0% as a result of increased business from existing customers as well as a few new accounts won during the year. Profit before taxation is higher as compared to the previous year and grew by 30.2%. This is attributed to a higher dividend from group companies and savings on administration costs over the previous year.

Strategic report for the year ended 31 March 2020 (continued)

NIIT Technologies Limited

Principal risks and uncertainties

In December 2019 there was an outbreak of Covid-19, or coronavirus, which the World Health Organization declared a pandemic on 11 March 2020.

We have noted the negative impact of this on our travel business in quarter one and are expecting this to continue in the second quarter of the next financial year (July-September 2020). The impact will be offset by a strong demand in our Banking and Finance sector, Insurance and Other verticals. This is a testament to the depth of our client relationships, strong order executable that we entered in the last quarter of the financial year March 2020 and the flow through impact of a recent large deal won.

We have taken steps to reduce outgoings and to utilise various Government tax payment extensions, where appropriate. We are taking the advantage of deferring VAT payment for the period April to June 2020 until March 2021, and staff variable compensation payments due in May 2020 to July 2020. We have availed the benefit of the Government's furlough scheme, made some changes in the headcount and furloughed staff (17% as of May 2020) to maintain the margins.

The Company services customers in the United Kingdom, rest of Europe and the USA. Our business continues to service customers and we have shifted our business model to working from home during the Government imposed lockdown.

Based on our review of the ongoing projects, under revised forecast due to Covid-19, we have considered a revenue increase of 1% to previous year. Under this scenario the company is expecting to generate an increase in operating cash flow in the year to 31 March 2021 compared to the year ended 31 March 2020.

The Company continues to have a positive cash balance. The Company had £4.6M of cash available as at 31 March 2020 and has used £1.4M of cash from its operating activity in 2019-20. The drain in operating cash is attributed to a higher days sales outstanding (DSO) as collections in the last two months of the quarter were comparatively lower due to the early impact of Covid-19. Operating cash was also consumed to settle outstanding payables due to the group undertakings.

The Management of the Company also foresee a risk associated with potential changes to the immigration regulations that could impact sourcing skills from outside the UK.

Competition from national, offshore and multinational vendors as well as employee retention and the resilience of the UK economy over the next few years are areas that throw up risks and uncertainty. The Company also recognises the potential risk of a considerable portion of its revenue continuing to emanate from a few customers and is striving to expand its customer base to mitigate this. The Company has focused on enhancing client relationship through client partners in key customer accounts.

On behalf of the board

Gautam Samanta
Director
29 May 2020

Directors' Report for the year ended 31 March 2020

The directors present their report and the audited financial statements of the Company for the year

NIIT Technologies Limited

ended 31 March 2020.

The following disclosures describe how the directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duties under section 172 and form part of the Directors' Statement required under Section 414CZA(1) of the Companies Act 2006.

Decision making

The Company recognises the importance of good governance to the success of the Company. The Board determines the strategic objectives and strategies of the Company to best support the delivery of long-term value providing overall strategic direction. The Company has robust systems of financial controls and risk management, the Board takes decisions that affect the success of the Company in long term after a disciplined review. The Board undertakes its decisions by ensuring safety, efficiency, smart technology adoption and sustainability.

Engaging Colleagues

Every year, the employees are asked to share their thoughts on what it is like to work in the Company and the suggestions for improvement. Company has also launched a digital intranet portal "Percipio" in order to upgrade the learning skills of employees and provide a growth for their career path. The employees can directly access the CEO of the Company via e-mail.

Customers and Suppliers

The Company's customers are at the heart of everything the Company does. Regular reviews are conducted for key accounts. Customers visit our offshore facilities located in India and we encourage their involvement and suggestions at the development stage of our projects. As a responsible business, our supplier payments are made within the respective credit terms. The Company implements adequate security measures in order to maintain the privacy of its customers and suppliers.

Community and Environment

The Company is committed to the wider social and economic impact of its operations. Being in the service industry, the Company has only electronic waste which is disposed of in a responsible manner by engaging specialised hardware disposal vendors.

Members

As the Company is 100% subsidiary of NIIT Technologies Ltd., India, there is only one shareholder of the Company. The Directors on the Board are the nominees of the shareholder and all the decisions are regularly informed to them via Board Agendas.

Company and high standards of Conduct

The Company adopts high ethical standards and follows a strict policy of maintaining integrity. Any payments or gifts whether directly or indirectly for securing the business is strictly prohibited by the Company.

Dividend from Subsidiaries

During the reporting period, the Company received an interim dividend from NIIT Insurance Technologies Limited of £4,500,000 at the rate of £3.584 per share (2019: £3,000,000).

Directors' Report for the year ended 31 March 2020 (continued)

Acquisition of NIIT Technologies SP. Z O.O Poland

NIIT Technologies Limited

During the year the Company, purchased NIIT Technologies SP Z O.O, Poland a shelf company, to service an engagement with a group company customer in Poland. This opportunity will assist to leverage the Group's presence in this country. The Company has a 100% equity stake in NIIT Technologies SP Z O.O, Poland.

Future outlook and Going Concern

The strategy of NIIT Technologies Limited UK is to continue to build a strong differentiation in its offerings by remaining focused in the chosen verticals and emerging technologies e.g. Digital, Data & Analytics, Cloud and Automation.

The external business environment is expected to remain challenging in the UK for 2020-21 as with the disruption and the uncertainties caused by the Covid-19 pandemic. However, as our customers and prospects are working on the new operating model for the post Covid-19 era, we are experiencing a surge in demand in the digital and cloud enablement areas. The focus will be to continue to grow the key accounts in the region through consolidation and acquire accounts in the Managed Services business offerings, maintain our leadership position in the Travel and Transport vertical, expand our presence in the Insurance and Banking and finance (BFS) verticals, make inroads into the UK government sector which has started to open up for a more cost efficient IT service delivery, and also to take advantage of the broader investment across sectors in the Digital technology.

Budgeted projections for 2020-21 were initially forecasted at 5% growth. This was scaled down to 1% considering the impact of Covid-19. The company is on track to meet the first quarter budget (pre-Covid-19 budget level). The company caters to clients in the BFS, Insurance and Others' verticals which will not be impacted by the Covid-19 pandemic due to a few large deals closed in the last quarter of 2019-20 and a robust pipeline in these sectors.

Future revenues are forecasted on a conservative basis. The forecast takes into consideration the loss of revenue due to the suspension of development projects of one of the biggest customers in the travel and transportation sector and ramp up in the other verticals where we have signed new business. The company has also taken adequate measures to maintain the margins in accordance with the change in the revenue growth.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The Management does not anticipate any short-term cash shortfall given the good track record of collections.

The main assumptions used in the model are as follows:

1. Minimal impact of 4% decline (compared to pre Covid-19 forecast) in revenues due to long-term contracts and finance sector growth offsetting the decline in the travel industry;
2. Minimal delay in collections from customers, as per current experience;
3. Deferral of VAT payment for the period April-June 2020 until March 2021 and staff variable compensation payments due in May 2020 to July 2020;
4. The subsidy payments from government furlough scheme are included in first and second quarter of the year;
5. Risk of customers cancelling contracts:
 - Majority of all customers we are providing services to is for support & maintenance under Infrastructure & Application Services. This will not be impacted as they are essential in nature for the customers.
 - We have received partial suspension of a development project in one of our largest clients in the travel vertical where we are executing a long-term project. We anticipate that these will resume in the third quarter of the year.

Directors' Report for the year ended 31 March 2020 (continued)

- Most of our contracts are of a long-term duration ranging from 3 to 5 years. Due to our long-

NIIT Technologies Limited

standing relationship, we do not foresee any risk of cancellation of any of the large material contracts.

6. No parent company or further external financing is required.

The Company continues to have a positive cash balance. The Company had £4.6M of cash available as at 31 March 2020 and has used £1.4M of cash from its operating activities in 2019-20. The cash balance has increased by £1.6M and stands at £6.2M as at 30 April 2020.

The Company's three year forward scenario, which takes into consideration the current environment and the potential impact of Covid-19, shows that we are expected to remain profitable and generate positive cash flows for the foreseeable future. As a result, the directors have prepared these financial statements on a going concern basis.

Directors

The current directors of the Company are set out on page 1. All of the directors serving during the year and up to the date of signing the financial statements are listed below.

Arvind Thakur – resigned on 17 May 2019

Arunbir Singh Soin – resigned on 3 May 2020

Sudhir Singh

Gautam Samanta – appointed on 27 May 2020

Branch Office

The operations of the branch in France have been consolidated with the financials of the Head Office.

Employment of disabled persons

Applications that are received from disabled persons are always given full and equal consideration.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and a career development for disabled staff. If members of staff become disabled, the Company continues employment wherever possible and arranges retraining. The Company's policy on training, career development and promotion of disabled people is, as far as possible, identical to that for other employees.

The Company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the view of the employees can be taken into account when making decisions that are likely to affect their interest. Employee involvement in the Company is encouraged to achieve a common awareness of the financial and economic factors affecting the Company. In addition, the Company encourages the involvement of employees by means of employee satisfaction surveys focus group discussions and 360-degree feedback mechanism.

Financial risk management (other than covered by Principal risks and uncertainties facing the Company section of the Strategic Report on page 3)

The Company's operations expose it to limited financial risks that include price risk, credit risk, liquidity risk, foreign currency exchange rate risk and interest rate cash flow risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The Company's finance department implement policies set by the board of directors.

Directors' Report for the year ended 31 March 2020 (continued)

NIIT Technologies Limited

Price risk

Due to the nature of its business, the Company is not exposed to any major price risks. Due consideration is given for annual salary increases in line with the growth in business in terms of both price and volumes inter dependent on contract negotiations.

Credit risk

The majority of the Company's customer base is comprised of blue-chip customers. During the reporting period, the Company had provided for doubtful debts of £2,650 (2019: £1,176).

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

Proactive receivables management results in a favourable working capital position. Management continues its focus in this area.

Interest rate and cash flow risk

The Company has an unsecured working capital loan facility of US\$ equivalent of £3,000,000 (2019: £3,000,000) from Citi Bank N.A. to meet its short-term working capital requirements. Interest on the facility is charged at 2.95% (2019: 2.50%) above GBP LIBOR determined by the period of the loan availed. The facility is backed by a Corporate guarantee executed by NIIT Technologies Limited, India in favour of Citi Bank N.A.

During the reporting period, the company has availed of this facility of £3,000,000 to meet its short-term working capital needs.

Foreign currency exchange rate risk

Management is aware of the volatility in foreign currency fluctuations and will put in place measures to minimise the risks if this continues.

Qualifying third party indemnity provisions

The Directors and Officers of the Company are covered by the Corporate Directors and Officers Liability insurance policy insurance. This is in force at the date of the statement of financial position and also at the date of signing of the financial statements.

Research and development

During the reporting period, the focus of the company's technology teams has been the development of new features within its client's bespoke systems or IT infrastructure. The Company has made a claim for Research and Development Expenditure Credit (RDEC) for the relevant qualifying expenditure incurred in undertaking activities which fall within the meaning set out in s1138 Corporation Tax Act 2010 (CTA 2010).

The Travel and transport vertical remain the main focus area on which the RDEC claim has been made. Examples of the R&D activity undertaken includes:

- Extension of the back-up capability of off-the-shelf cloud data management software used for validating clustered virtual machines. This development allowed customers to use this primary tooling to back-up and validate virtual machines clustered and distributed over a network, something not currently achievable through the use of standard mechanisms.
- Transformation of legacy, monolithic airport check-in kiosks into a highly modular cloud-

Directors' Report for the year ended 31 March 2020 (continued)

based solution. The new kiosk system modularises the existing legacy kiosk in a way that it provides

NIIT Technologies Limited

better disabled-friendly accessibility than seen anywhere in the airlines industry. The new kiosk solution has successfully passed all the regulatory and governance tests of the IATA and is currently being rolled out at 65 different airports across the globe.

The company continues to be responsible for maintaining, managing and supporting its client's IT landscape. Through root-cause analysis of incident tickets, the company were able to improve existing support and maintenance practices, often leading to the development of new techniques of automated incident resolution and disaster recovery.

Political and charitable donations

The company did not make any charitable donations during the year. (2019: £2,050). There were no political donations made during the year (2019: Nil).

Statement of Directors' Responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of information to auditors

At the date of approving this report, each of the Company's directors, as set out on page 1, confirm the following:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report for the year ended 31 March 2020 (continued)

NIIT Technologies Limited

Post Statement of Financial Position Events

There have been no significant events affecting the company since the year end.

Independent auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board meeting.

Approved on behalf of the Board of Directors

Gautam Samanta
Director
29 May 2020

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited

Opinion

We have audited the financial statements of NIIT Technologies Limited for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, 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 company's affairs as at 31 March 2020 and of its profit for the year 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 below. 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.

Emphasis of matter – Effects of Covid-19

We draw attention to Note 3 of the financial statements, which describes the economic and social consequences the company is facing as a result of Covid-19 which could impact customer demand. Our opinion is not modified in respect of this matter.

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.

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 <https://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.

Naresh Alimchandani (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
29 May 2020

NIIT Technologies Limited

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	2020		2019	
		£	INR	£	INR
Turnover	4	7,39,57,862	6,66,21,24,209	6,26,78,647	5,73,95,58,398
Cost of sales		-6,33,11,607	-5,70,31,09,559	-5,33,12,702	-4,88,19,07,653
Gross profit		1,06,46,255	95,90,14,650	93,65,945	85,76,50,745
Administrative expenses		-79,59,876	-71,70,25,630	-68,55,542	-62,77,70,150
Operating profit	5,10	26,86,379	24,19,89,020	25,10,403	22,98,80,594
Income from shares in group undertakings		45,00,000	40,53,60,000	30,00,000	27,47,13,575
Interest receivable and similar income	6	25,144	22,64,972	26,833	24,57,130
Interest payable and similar charges	7	-1,213	-1,09,267	-290	-26,556
Profit on ordinary activities before taxation		72,10,310	64,95,04,725	55,36,946	50,70,24,743
					-
Tax on profit on ordinary activities	11	-5,26,807	-4,74,54,775	-5,15,595	-4,72,13,649
Profit for the financial year		66,83,503	60,20,49,950	50,21,351	45,98,11,095
Total comprehensive income for the reporting period		66,83,503	60,20,49,950	50,21,351	45,98,11,095

NIIT Technologies Limited

Statement of Financial Position as at 31 March 2020

	Note	2020		2019	
		£	INR	£	INR
Fixed assets					
Tangible assets	12	4,76,337	4,47,13,754	6,36,819	5,75,43,156
Investments	13	1,69,35,433	1,58,97,29,096	1,69,33,515	1,53,01,17,495
		1,74,11,770	1,63,44,42,850	1,75,70,334	1,58,76,60,651
Current assets					
Debtors					
amounts falling due within a year	14	2,24,04,318	2,10,30,93,331	1,61,50,151	1,45,93,32,489
amounts falling due after more than a year	14	2,07,461	1,94,74,364	-	-
Cash		45,99,050	43,17,12,824	35,37,323	31,96,33,567
Total current assets		2,72,10,829	2,55,42,80,518	1,96,87,474	1,77,89,66,057
Creditors - amounts falling due within one year	15	-1,80,63,047	-1,69,55,78,222	-1,23,63,433	-1,11,71,63,515
Net current assets		91,47,782	85,87,02,296	73,24,041	66,18,02,542
Total assets less current liabilities		2,65,59,552	2,49,31,45,146	2,48,94,375	2,24,94,63,193
Creditors - amounts falling due after more than one year		-1,87,293	-1,75,81,194	-2,05,619	-1,85,79,795
Net assets		2,63,72,259	2,47,55,63,952	2,46,88,756	2,23,08,83,399
Equity					
Called-up share capital	16	32,76,427	30,75,58,202	32,76,427	29,60,58,927
Other reserves	17	-	-	31,434	28,40,386
Retained earnings	17	2,30,95,832	2,16,80,05,750	2,13,80,895	1,93,19,84,086
Total shareholder's funds		2,63,72,259	2,47,55,63,952	2,46,88,756	2,23,08,83,399

The financial statements on pages 13 to 29 were approved by the board of directors on 29 May 2020 and were signed on its behalf by:

Gautam Samanta
Director

Registered Number: **2648481**

NIIT Technologies Limited

Statement of Changes in Equity for the year ended 31 March 2020

	Share Capital		Other Reserves		Retained Earnings		Total Equity	
	£	INR	£	INR	£	INR	£	INR
At 1 April 2018	32,76,427	29,90,24,748	14,407	13,14,862	2,13,76,268	1,95,09,15,787	2,46,67,102	2,25,12,55,398
Total comprehensive income for the year	-	-	-	-	50,21,351	45,98,11,095	50,21,351	45,98,11,095
Share based capital reserve (Note 19)	-	-	17,027	15,59,183	-17,027	-15,59,183	-	-
Transfer between reserves	-	-	-	-	-	-	-	-
Dividends paid during the year	-	-	-	-	-50,00,000	-45,78,55,958	-50,00,000	-45,78,55,958
Currency translation on consolidation	-	-29,66,805	-	-33,668	303	-1,93,34,069	303	-2,23,34,542
At 31 March 2019	32,76,427	29,60,57,944	31,434	28,40,376	2,13,80,895	1,93,19,77,672	2,46,88,756	2,23,08,75,992
At 1 April 2019	32,76,427	29,60,57,944	31,434	28,40,376	2,13,80,895	1,93,19,77,672	2,46,88,756	2,23,08,75,992
Total comprehensive income for the year	-	-	-	-	66,83,503	60,20,49,950	66,83,503	60,20,49,950
Share-based capital reserve (Note 19)	-	-	-31,434	-28,40,376	31,434	28,31,575	-	-
Dividends paid during the year	-	-	-	-	-50,00,000	-45,04,00,000	-50,00,000	-45,04,00,000
Currency translation on consolidation	-	1,15,00,259	-	-	-	8,15,46,553	-	9,30,38,010
At 31 March 2020	32,76,427	30,75,58,202	-	-	2,30,95,832	2,16,80,05,750	2,63,72,259	2,47,55,63,952

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020

1 General information

NIIT Technologies Limited ('the Company') is a wholly owned subsidiary of NIIT Technologies Limited, India a global IT Software and Services Company. The Company provides services in Software Application Development and Maintenance, Software Testing, Enterprise Solutions including Package Implementation, Infrastructure Managed Services and System Integration to organisations based in the UK and rest of the world.

The Company is a private company limited by shares and is incorporated in England and Wales under registration number 2648481. The address of its registered office is 100 New Bridge Street, London, EC4V 6JA.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006 for the year ended 31 March 2020.

3 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. Accounting policies have been consistently applied to all years presented unless otherwise stated.

The financial statements have been prepared in British Pounds, which is the company's functional currency and rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Accounting estimates have been used in the valuation of the Employee Stock Options granted under ESOP 2005 using the Black Scholes Options Pricing Model.

It also requires management to exercise judgment in applying the company's accounting policies.

Going concern

The strategy of NIIT Technologies Limited UK is to continue to build a strong differentiation in its offerings by remaining focused in the chosen verticals and emerging technologies e.g. Digital, Data & Analytics, Cloud and Automation.

The external business environment is expected to remain challenging in the UK for 2020-21 as with the disruption and the uncertainties caused by the Covid-19 pandemic. However, as our customers and prospects are working on the new operating model for the post Covid-19 era, we are experiencing a surge in demand in the digital and cloud enablement areas. The focus will be to continue to grow the key accounts in the region through consolidation and acquire accounts in the Managed Services business offerings, maintain our leadership position in the Travel and Transport vertical, expand our presence in the Insurance and Banking and finance (BFS) verticals, make in-roads into the UK government sector which has started to open up for a more cost efficient IT service delivery and also to take advantage of the broader investment across sectors in the Digital technology.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

Budgeted projections for 2020-21 were initially forecasted at 5% growth. This was scaled down to 1% considering the impact of Covid-19. The company is on track to meet the first quarter budget (pre-Covid-19 budget level). The company caters to clients in the BFS, Insurance and Others' verticals which will not be impacted by the Covid-19 pandemic due to a few large deals closed in the last quarter of 2019-20 and a robust pipeline in these sectors.

Future revenues are forecasted on a conservative basis. The forecast takes into consideration the loss of revenue due to the suspension of development projects of one of the biggest customers in the travel and transportation sector and ramp up in the other verticals where we have signed new business. The company has also taken adequate measures to maintain the margins in accordance with the change in the revenue growth.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The Management does not anticipate any short-term cash shortfall given the good track record of collections.

The main assumptions used in the model are as follows:

1. Minimal impact of 4% decline (compared to pre Covid-19 forecast) in revenues due to long-term contracts and finance sector growth offsetting the decline in the travel industry;
2. Minimal delay in collections from customers, as per current experience;
3. Deferral of VAT payment for the period April-June 2020 until March 2021 and staff variable compensation payments due in May 2020 to July 2020;
4. The subsidy payments from government furlough scheme are included in first and second quarter of the year;
5. Risk of customers cancelling contracts:
 - Majority of all customers we are providing services to is for support & maintenance under Infrastructure & Application Services. This will not be impacted as they are essential in nature for the customers.
 - We have received partial suspension of a development project in one of our largest clients in the travel vertical where we are executing a long-term project. We anticipate that these will resume in the third quarter of the year.
 - Most of our contracts are of a long-term duration ranging from 3 to 5 years. Due to our long-standing relationship, we do not foresee any risk of cancellation of any of the large material contracts.
6. No parent company or further external financing is required.

The Company continues to have a positive cash balance. The Company had £4.6M of cash available as at 31 March 2020 and has used £1.4M of cash from its operating activities in 2019-20. The cash balance has increased by £1.6M and stands at £6.2M as at 30 April 2020.

The Company's three year forward scenario, which takes into consideration the current environment and the potential impact of Covid-19, shows that we are expected to remain profitable and generate positive cash flows for the foreseeable future. As a result, the directors have prepared these financial statements on a going concern basis.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

3 Principal accounting policies (continued)

Consolidated financial statements

The results of the France branch are included in the financial statements of the Company.

The Company is a wholly owned subsidiary of NIIT Technologies Limited, India and in accordance with the provisions of S401 of the Companies Act 2006, group financial statements have not been prepared. The financial statements of the Company and its subsidiary undertakings are included in the consolidated financial statements published by the parent Company NIIT Technologies Limited, India and are publicly available.

Turnover

Turnover represents sales to customers, net of value added tax, trade discounts and unbilled accrued revenue. Turnover is derived from the company's principal activity. All turnover relates to business activities in the United Kingdom.

Recognition of turnover

Revenue is recognised to the extent that 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 recognised:

Rendering of services

In respect of long term fixed price software projects, revenue is recognised on a 'percentage of completion' basis at the statement of financial position date, with 'percentage completion' being measured by the costs to date as a percentage of the estimated costs to completion. Any loss on a contract is recognised in full as soon as a loss is foreseen by reference to the estimated cost to completion.

For time and material contracts, revenue is recognised on the basis of billable efforts.

In respect of fixed price agreements requiring provision of professional services, revenue is recognised over the year the service is provided as per the terms of the agreements.

Deferred revenue

Fees for services received in advance are recorded as a liability within deferred revenue and these amounts are amortised to the income statement over the life of the contract which is in line with the provision of the services.

Interest income

Revenue is recognised as the interest accrues at the effective interest rate to the net carrying amount of the financial asset.

Tangible fixed assets and depreciation

The tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal estimated lives used for this purpose are:

Computer equipment	3 to 5 years
Office equipment	3 to 10 years

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

3 Principal accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the full terms of the leases.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Investments

Investments are reviewed annually for impairments. Investments are held at cost less accumulated impairment losses. Impairment losses are taken to the profit and loss account.

Pensions

Pension contributions to the defined contribution NIIT Technologies Limited Group Personal Pension Scheme are charged to profit or loss in the period in which contributions are incurred. Assets of the scheme are held separately from those of the Company in an independently administered fund.

Foreign currency

The company's functional and presentational currency is GBP.

Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the first working day of the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

3 Principal accounting policies (continued)

position date. Exchange gains and losses are taken to the statement of comprehensive income in the year in which they arise.

Share based payments

The parent company, NIIT Technologies Limited, India, has introduced an employee stock option plan. Certain employees of the Company are awarded options over the shares of the ultimate parent.

In accordance with FRS 102, the fair value of these options using the Black-Scholes model is recognised as an expense, with a corresponding increase in other reserves. The total amount to be expensed over the vesting period is determined by reference to the fair market value of the options granted. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

In the event that options are granted with an exercise price lower than the prevailing market price at grant date, and when NIIT Technologies Limited, India makes a recharge to the Company in respect of share options granted to the Company's employees, these inter-company charges are offset in other reserves against the relevant capital contribution.

Financial instruments

Financial assets:

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. The same are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains and losses are taken to the statement of comprehensive income in the year in which they arise. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

At the end of each reporting period financial assets are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income.

Financial liabilities:

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. The same are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains and losses are taken to the statement of comprehensive income in the year in which they arise.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

3 Principal accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting:

Financial assets and liabilities are offset and 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.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) in respect of reconciliation of the number of shares outstanding at the beginning and end of the period;
- the requirements of Section 7 Statement of Cash Flows in respect of preparation of Statement of Cash Flows;
- the requirements of Section 3 paragraph 3.17(d) in respect of presentation of Statement of Cash Flows in the financial statements;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 in respect of the non-disclosure of key management personnel compensation in total.

NIIT Technologies Limited, India prepares group financial statements and copies can be obtained from 8 Balaji Estate, First Floor, Guru Ravidas Marg, Kalkaji, New Delhi – 110019, India. Full consolidated financials can also be obtained for NIIT Technologies Limited, India, from that Company's website at the following address, <http://www.niit-tech.com/investors/financial-reports>

4 Turnover

The Company is in the business of providing IT software services only. The analysis of turnover by geographical segment is shown below.

	By origin				By destination			
	2020		2019		2020		2019	
	£	INR	£	INR	£	INR	£	INR
Geographical area								
United Kingdom and Ireland	7,39,57,862	6,66,21,24,209	6,26,74,848	5,73,92,10,519	6,51,11,502	5,86,52,44,100	5,37,47,138	4,92,16,89,475
Rest of Europe	-	-	3,799	3,47,879	34,63,130	31,19,58,750	42,76,570	39,16,10,611
Rest of World	-	-	-	-	53,83,230	48,49,21,358	46,54,939	42,62,58,311
	7,39,57,862	6,66,21,24,209	6,26,78,647	5,73,95,58,398	7,39,57,862	6,66,21,24,209	6,26,78,647	5,73,95,58,398

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

5 Operating profit

	2020		2019	
	£	INR	£	INR
Operating profit is stated after charging/(crediting):				
Depreciation of tangible assets	2,03,418	1,83,23,893	1,41,771	1,29,82,139
Auditors' remuneration:		-		
- The audit of the Company pursuant to legislation	34,775	31,32,532	34,775	31,84,388
- Tax services	12,000	10,80,960	12,000	10,98,854
- Other services		-	-	-
Operating lease charges:		-		
- Land and buildings	13,143	11,83,921	11,760	10,76,877
Foreign exchange (gain)/loss	21,095	19,00,238	-1,18,923	-1,08,89,921

6 Interest receivable and similar income

	2020		2019	
	£	INR	£	INR
Bank interest	25,144	22,64,972	26,833	24,57,130
Loan interest from group companies				
	25,144	22,64,972	26,833	24,57,130

7 Interest payable and similar charges

	2020		2019	
	£	INR	£	INR
Bank interest	1,213	1,09,267	290	26,556

8 Directors' emoluments

Non-resident directors:

During the financial year, the company received a share of the costs of Sudhir Singh as CEO Office Management fees totalling £120,357 (2019 £144,306). This included a remuneration charge of £116,395 (2019 £87,971).

There are no retirement benefits accruing to Arvind Thakur and Sudhir Singh (2019: Nil) under the defined contribution scheme.

Resident directors:

	2020		2019	
	£	INR	£	INR
Aggregate remuneration	63,087	56,82,877	61,595	56,40,328

NIIT Technologies Limited

Aggregate remuneration represents 50% of the remuneration of one director. The remaining 50% of the remuneration of the director is recharged to a subsidiary undertaking. This is disclosed in the financials of that subsidiary.

Post-employment benefits under a defined contribution pension scheme aggregating to £9,189 (2019: £8,404) are accruing to 1 director (2019: 1).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

8 Directors' emoluments (continued)

One director (2019: Two) exercised share options in the parent's shares during the reporting period

Highest paid director:

The highest paid director's emoluments (100%) were as follows:

	2020		2019	
	£	INR	£	INR
The amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	1,16,986	1,05,38,099	1,15,155	1,05,44,881
Defined contribution pension scheme:	9,189	8,27,745		
Contributions during the year			8,034	7,35,683
	1,26,175	1,13,65,844	1,23,189	1,12,80,564

9 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity	2020 Number	2019 Number
Management	41	39
Consultancy	321	293
	362	332

Employment costs during the year were as follows:

	2020		2019	
	£	INR	£	INR
Wages and salaries	2,21,01,991	1,99,09,47,349	1,97,13,307	1,80,51,71,014
Social security costs	21,19,621	19,09,35,460	17,61,106	16,12,66,575
Other pension costs	5,01,700	4,51,93,136	3,80,788	3,48,69,211
Costs associated with share based payments (see note 19)	-	-	17,027	15,59,183
	2,47,23,312	2,22,70,75,945	2,18,72,228	2,00,28,65,982

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

10 Research and Development Expenditure Credit

The Company has claimed research and development expenditure credit as per the guidelines prescribed by HMRC on an accrual basis in the statement of comprehensive income. A summary of the qualifying research and development expenditure and the gross RDEC is as follows:

	2020		2019	
	£	INR	£	INR
Staffing costs	18,92,144	17,04,44,332	13,53,971	12,39,84,738
Total qualifying research and development expenditure	18,92,144	17,04,44,332	13,53,971	12,39,84,738
			-	-
Gross RDEC @12%	2,27,057	2,04,53,295	1,62,476	1,48,78,121

Management is confident that the claims will be successful.

11 Tax on profit on ordinary activities

	2020		2019	
	£	INR	£	INR
Current tax:				
UK corporation tax on profits of the year	5,46,886	4,92,63,491	4,72,739	4,32,89,274
Overseas tax less double tax relief	4,442	4,00,135	11,772	10,77,976
Adjustments in respect of prior years	-1,521	-1,37,012	-1,311	-1,20,050
Total current tax charge	5,49,807	4,95,26,615	4,83,200	4,42,47,200
Deferred tax:				
Origination and reversal of timing differences	-23,063	-20,77,515	36,206	33,15,427
Effect of changes in tax rates	63	5,675	-3,811	-3,48,978
Adjustments in respect of prior years	-	-	-	-
Total deferred tax charge	-23,000	-20,71,840	32,395	29,66,449
Tax on profit on ordinary activities	5,26,807	4,74,54,775	5,15,595	4,72,13,649

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020		2019	
	£	INR	£	INR
Profit on ordinary activities before tax	72,10,310	64,95,04,725	55,36,946	50,70,24,743
Profit on ordinary activities multiplied by standard rate in UK of corporation tax of 19% (2019: 19%)	13,69,959	12,34,05,907	10,52,020	9,63,34,725
Effects of:				
Expenses not deductible	12,281	11,06,272	12,615	11,55,171
Income not included for tax purposes	-8,55,000	-7,70,18,400	-5,70,000	-5,21,95,579
Effect of changes in tax rates	63	5,675	-3,811	-3,48,978
Overseas tax suffered	4,442	4,00,135	11,380	10,42,080
Other reconciling items	-3,417	-3,07,803	14,702	13,46,280
Adjustments in respect of prior years	-1,521	-1,37,012	-1,311	-1,20,050
Tax charge for the year	5,26,807	4,74,54,775	5,15,595	4,72,13,649

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

11 Tax on profit on ordinary activities (continued)

The deferred tax asset of £22,466 (2019: deferred tax liability £534) has been recognised and is disclosed within receivables (Note 14).

	2020		2019	
	£	INR	£	INR
Deferred tax (liability)/asset comprises:				
Accelerated capital allowances	-3,935	-3,54,465	-20,717	-18,97,080
Short term timing differences	10,188	9,17,735	10,196	9,33,660
Pension provision	16,213	14,60,467	9,987	9,14,521
	22,466	21,08,883	-534	-48,899

	2020		2019	
	£	INR	£	INR
Deferred tax asset as at 1 April	-534	-48,252	31,861	29,07,810
Adjustment in respect of prior years	-63	-5,675	-	-
Deferred tax charge/(credit) to profit for the period	23,063	20,77,515	-32,395	-29,66,449
Currency Translation Reserve		85,296	-	10,386
Deferred tax (liability)/asset as at 31 March	22,466	21,08,883	-534	-48,252

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

The standard rate of Corporation Tax in the UK for the reporting period is 19%. The company's profit for the reporting period is taxed at an effective rate of 7.31% (2019: 9.31%).

Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 had already been substantively enacted on 26 October 2015 and 7 September 2016. In the Budget 2020 on 11 March 2020, the government announced that the UK corporation tax rate for the years starting April 2020 and 2021 will remain at 19%. Management is of the opinion that the relevant deferred tax assets and liabilities included in these Financial Statements are based on the rate of 19% having regard to their reversal profiles.

The Company has adopted the new R&D expenditure credit legislation introduced in 2013 that allows large companies to claim expenditure credits equal to 12% from 1 January 2018 of the qualifying research and development (R&D) expenditure. The operating profit for the current reporting period includes the effect of these tax credits.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

NIIT Technologies Limited

12 Tangible assets

Cost	Computer equipment		Office equipment		Total	
	£	INR	£	INR	£	INR
At 1 April 2019	8,26,457	7,46,78,655	1,07,397	97,04,393	9,33,854	8,43,83,047
Additions	42,936	38,67,675	-	-	42,936	38,67,675
Disposals		-		-		-
Currency Translation reserve		30,63,592		3,76,963		34,40,555
At 31 March 2020	8,69,393	8,16,09,921	1,07,397	1,00,81,356	9,76,790	9,16,91,277
Accumulated depreciation						
At 1 April 2019	1,96,206	1,77,29,174	1,00,829	91,10,908	2,97,035	2,68,40,083
Charge for year	2,00,051	1,80,20,594	3,367	3,03,299	2,03,418	1,83,23,893
Disposals		-		-		-
Currency Translation reserve		14,46,876		3,66,671		18,13,547
At 31 March 2020	3,96,257	3,71,96,645	1,04,196	97,80,879	5,00,453	4,69,77,523
Net book value at 31 March 2020	4,73,136	4,44,13,276	3,201	3,00,478	4,76,337	4,47,13,754
Net book value at 31 March 2019	6,30,251	5,69,49,480	6,568	5,93,484	6,36,819	5,75,42,965

13 Investments

Cost at opening	Shares in subsidiary undertakings	
	£	INR
At 1 April 2019	1,69,33,515	1,53,01,12,415
Investments/(Disposals)	1,918	1,72,773
Currency Translation reserve		5,94,43,907
Net book value at 31 March 2020	1,69,35,433	1,58,97,29,096

Subsidiary undertakings:

Company name	Registered address	Country of Incorporation	Principal activity	% Interest (direct holding)	Capital and reserves	Profit or (loss) after tax
NIIT Technologies BV	Regus WTC Zuidplein 36 1077 XV Amsterdam, Netherlands	Holland	Software services	100%	€ 1,355,129	€ 209,052
NIIT Insurance Technologies Ltd.	100 New Bridge Street, London EC4V 6JA	UK	Software services	100%	£ 9,253,866	£ 7,016,054
NIIT Technologies S.A.	2 nd Floor, Street Mendez Alvro 9 P.C. 28045 Madrid	Spain	Software services	100%	€ 2,402,347	€ 1,080,385
NIIT Technologies SP. Z O.O	ul Zlota 59 00-120 Warszawa	Poland	Software services	100%	PLN (44,781)	PLN (49,781)

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

13 Investments (continued)

NIIT Technologies Limited

All investments are reviewed by the Management for impairment at the end of the year. Any decline in the value of the said investment is recognised and charged to the profit and loss account.

The directors believe that the carrying value of the investments is supported by their respective projected future cash flows.

14 Debtors

	2020		2019	
	£	INR	£	INR
Trade Debtors	1,86,53,816	1,75,10,33,708	1,23,92,256	1,11,97,67,970
Amounts owed by group undertakings	15,85,615	14,88,41,680	20,62,482	18,63,66,492
Other receivables	2,41,806	2,26,98,329	76,373	69,01,087
Deferred tax asset	22,466	21,08,883	-	-
Prepayments and accrued income	19,00,615	17,84,10,730	16,19,040	14,62,96,940
Amounts falling due within a year	2,24,04,318	2,10,30,93,331	1,61,50,151	1,45,93,32,489

Amounts falling due after more than a year		
Prepayments and accrued income	2,07,461	1,94,74,364

Amounts owed by group undertakings for the current and previous reporting period represent trade balances which are unsecured, non-interest bearing and within stipulated payment terms.

15 Creditors - amounts falling due within one year

	2020		2019	
	£	INR	£	INR
Trade payables	14,40,139	13,51,85,848	9,64,013	8,71,08,504
Loan from bank	30,00,000	28,16,10,000		
Amounts owed to group undertakings	80,35,124	75,42,57,090	60,99,438	55,11,47,048
Corporation tax	5,59,060	5,24,78,962	5,85,579	5,29,13,094
Other taxation and social security	23,35,929	21,92,73,655	22,00,507	19,88,38,473
Other payables	48,422	45,45,373	52,136	47,11,025
Accruals and deferred income	26,44,373	24,82,27,294	24,61,760	22,24,45,372
Amounts falling due within one year	1,80,63,047	1,69,55,78,222	1,23,63,433	1,11,71,63,515

Trade balances included in amounts owed to group undertakings for the current and previous year are unsecured and interest free.

The Company has an unsecured working capital loan facility of US\$ equivalent of £3,000,000 (2019: £3,000,000) from Citi Bank N.A. to meet its short-term working capital requirements. Interest on the facility is charged at 2.95% (2019: 2.50%) above GBP LIBOR determined by the period of the loan availed. The facility is backed by a Corporate guarantee executed by NIIT Technologies Limited, India in favour of Citi Bank N.A. During the reporting period, the company has availed of this facility of £3,000,000 to meet its short-term working capital needs. The maturity date of this loan is on 28 September 2020.

16 Creditors - amounts falling due after more than one year

NIIT Technologies Limited

	2020		2019	
	£	INR	£	INR
Accruals and deferred income	1,87,293	1,75,81,194	2,05,619	1,85,79,795

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

17 Called up, allotted and fully paid up share capital

	2020		2019	
	£	INR	£	INR
Authorised				
7,000,000 (2018: 7,000,000) ordinary shares of £1 each	70,00,000	65,70,90,000	70,00,000	63,25,22,100
Called up, allotted and fully paid				
3,276,427 (2019: 3,276,427) ordinary shares of £1 each	32,76,427	30,75,58,202	32,76,427	29,60,58,927

18 Reserves

Retained earnings

The retained earnings include all current and prior period retained profits and losses and dividends declared.

Other reserves

The ultimate parent Company, NIIT Technologies Limited, India, operates an equity-settled, share-based compensation plan. Certain employees of the Company are awarded options over the shares in the ultimate parent. The fair value of the employee services received using the Black-Scholes option pricing model in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other Reserves.

19 Share based payments

NIIT Technologies Limited, India, which is the 100% Holding Company of NIIT Technologies Limited, operates an Employee Stock Option Plan (ESOP 2005). The remuneration committee of the holding Company can grant options over shares in the holding Company to employees of the group. Options are granted with a fixed exercise price. Awards under the ESOP are generally reserved for employees at senior management level and above. In the current year, the holding Company did not issue any grants. There are no grants outstanding at the end of the year.

A reconciliation of option movements over the year to 31 March 2020 is shown below:

	Number	2020 Weighted average exercise price INR Rs	Number	2019 Weighted average exercise price INR Rs
Outstanding at 1 April	5,000	10	5,000	10
Granted	-	-	-	-
Lapsed	-	-	-	-
Exercised	5,000	10	-	-
Outstanding at 31 March	-	-	5,000	-
Exercisable at 31 March	-	-	5,000	-

NIIT Technologies Limited

During the current reporting period 5,000 (2019: Nil) options were exercised. The weighted average share price for options exercised during the year is Rs.10.00 (2019: Rs. Nil). The net charge for the year relating to employee share based payment plans was £Nil (2019: £17,027).

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

20 Contingent liabilities and financial commitments

Capital commitments relating to procurement of Plant & Machinery remaining to be executed and not provided for at the date of the financial statements is £3,761 (2019: Nil).

21 Related party transactions

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary and consolidated financial statements are prepared by the ultimate parent Company, NIIT Technologies Limited, India. The consolidated financial statements published by the parent Company are publicly available.

22 Pensions

The Company operates a defined contribution pension scheme. The charge for the year represents contributions payable by the Company to the fund and amounted to £501,700 (2019: £380,788) paid into defined contribution pension schemes. There is an accrual at the year-end for £85,332 (2019: £58,746).

23 Post Statement of Financial Position Events

There have been no significant events affecting the Company since the year end.

24 Ultimate parent company

NIIT Technologies Limited, which is incorporated and registered in the UK, is the immediate parent company. The ultimate parent company and controlling party is NIIT Technologies Limited, India a Company registered in India, which is the parent of the smallest and largest group to consolidate these financial statements.

NIIT Technologies Limited, India prepares consolidated financial statements and copies can be obtained from 8 Balaji Estate, Third floor, Guru Ravidas Marg, Kalkaji, New Delhi - 110019, India. Full consolidated financial statements can also be obtained for NIIT Technologies Limited, India, from that company's website at the following address, <http://www.niit-tech.com/investors/financial-reports>