inspiriSYS®
Solutions Limited

**ISL/SS/SE/21/2021-2022**
**1st September, 2021**

The National Stock Exchange of India Ltd.
Exchange Plaza
Bandra Kurla Complex
Bandra East
Mumbai 400 051

The BSE Ltd.
P.J. Towers
Dalal Street
Mumabi 400 001

Dear Sir,

**Sub: Submission of Annual Report as per Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, enclosed herewith is the Notice of 26th Annual General Meeting of the Company along with the Annual Report for the Financial Year ended 31st March, 2021.

The AGM Notice & Annual report for the year ended 31st March, 2021 are being dispatched electronically to those members whose email ids are registered with the Company / Depositories.

The AGM Notice & Annual report is also uploaded on the Company's website viz. www.inspirisys.com.

The Proof of sending of Annual Report through e-mail to shareholders is enclosed for your records.

Kindly acknowledge and take this into your records.

Thanking You.

Yours faithfully.

**For Inspirisys Solutions Limited**

Inspirisys Solutions Limited
Chennai
600 010

**S.Sundaramurthy**
**Company Secretary & Compliance Officer**

Encl: as above

inspiriSYS®
Solutions Limited

# 26th Annual Report 2020 - 21

## Company Information

### Board of Directors

**Mr. Malcolm F. Mehta** - Chairman & Chief Executive Officer
**Mrs. Ruchi Naithani** - Independent Director
**Mr. Raj Khalid** - Independent Director
**Mr. Rajesh R. Muni** - Independent Director
**Mr. Koji Iketani** - Non-Executive & Non-Independent Director
**Mr. M.S. Jagan** - Independent Director

### Key Managerial Personnel (KMPs)

**Mr. Malcolm F. Mehta** - Chairman & Chief Executive Officer
**Mr. Murali Gopalakrishnan** - Chief Financial Officer
**Mr. S. Sundaramurthy** - Company Secretary & Compliance Officer

### Committees

### Audit Committee

**Mr. Rajesh R. Muni** - Chairman
**Mrs. Ruchi Naithani** - Member
**Mr. Raj Khalid** - Member
**Mr. Koji Iketani** - Member
**Mr. M.S. Jagan** - Member

### Stakeholders Relationship Committee

**Mr. Raj Khalid** - Chairman
**Mr. Rajesh R. Muni** - Member
**Mrs. Ruchi Naithani** - Member

### Nomination and Remuneration Committee

**Mrs. Ruchi Naithani** - Chairperson
**Mr. Raj Khalid** - Member
**Mr. Rajesh R. Muni** - Member

### Corporate Social Responsibility Committee

**Mr. Malcolm F. Mehta** - Chairman
**Mrs. Ruchi Naithani** - Member
**Mr. Rajesh R. Muni** - Member

### Management Team

**Mr. Srinivas Bhaskara** - President - Global Practice & Delivery
**Mr. Maqbool Hassan** - President - Sales (Enterprise Solutions & Services)
**Mr. Milind Kalurkar** - President - International Sales
**Mr. Jayesh Ahluwalia** - President - Sales Infra Products
**Mr. Satyen Parikh** - President - Corporate

### Statutory Auditors

M/s. Walker Chandiok & Co LLP
Chartered Accountants, Chennai.

### Internal Auditors

M/s. Sudit K. Parekh & Co. LLP
Chartered Accountants, Mumbai.

### Secretarial Auditors

Mr. M. Alagar
Practicing Company Secretary,
M/s. M. Alagar & Associates, Chennai.

### Legal Advisors

M/s. Economic Laws Practice (ELP),
Advocates & Solicitors, Mumbai.

### Principal Bankers

Mizuho Bank Ltd., Chennai.
Sumitomo Mitsui Banking Corporation, Chennai.

### Registrars & Share Transfer Agents

M/s. Link Intime India Pvt. Ltd., Mumbai.

### Stock Exchanges where Company's shares are listed

National Stock Exchange of India Limited
(Stock Code - INSPIRISYS)
BSE Limited (Stock Code - 532774)

### Registered & Corporate Office

First Floor, Dowlath Towers,
New Door Nos. 57, 59, 61 & 63,
Taylors Road, Kilpauk, Chennai - 600 010.

### Company's Website

www.inspirisys.com

### Corporate Identity Number

L30006TN1995PLC031736

**ISIN NO. :** INE020G01017

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Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

# NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

**Inspirisys Solutions Limited**
Registered Office: First Floor, Dowlath Towers,
New Door Nos. 57, 59, 61 & 63, Taylors Road,
Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

**TO**

**THE MEMBERS OF INSPIRISYS SOLUTIONS LIMITED**

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the members of Inspirisys Solutions Limited will be held on Friday, 24th September, 2021 at 2.00 PM through Video Conferencing (VC) / Other Audio Visual Means (OAVM), and the Company will conduct the meeting from the Registered office i.e. First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010 which shall be deemed to be the venue of the meeting to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2021 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Malcolm F. Mehta, (DIN: 03277490) who retires by rotation and, being eligible, offers himself for re-appointment.

**By order of the Board of Directors**
**For Inspirisys Solutions Limited**

**Place: Chennai** **S.Sundaramurthy**
**Date: 9th August, 2021** **Company Secretary**

**NOTES:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 5, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the Annual General Meeting (AGM) venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the Circular No. 14/2020 dated April 8, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.inspirisys.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Register of the Company will remain closed from Saturday, 18th September, 2021 to Friday, 24th September, 2021 (both days inclusive).

8. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts

and Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by the members in electronic mode. Members can send an e-mail to sundaramurthy.s@inspirisys.com requesting for inspection of the Registers.

9. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 5, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

10. In compliance with the aforesaid MCA Circulars and SEBI Circular dated January 15, 2021, Notice of the AGM along with the Annual Report 2020-2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Notice and the Annual Report of the Company is uploaded on the Company's website www.inspirisys.com.

11. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Friday, 17th September, 2021 only shall be entitled to avail the remote e-voting facility as well as voting in the AGM.

12. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, 17th September, 2021 ("Incremental Members") may obtain the User ID and Password by either sending an e-mail request to evoting@nsdl.co.in or calling on Toll Free No. 1800 1020 990 and 1800 22 44 30. If the member is already registered with NSDL e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

13. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization would facilitate paperless trading through state-of-the art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest. Pursuant to SEBI Notification dated 8th June, 2018, it has been mandated by SEBI that transfer of securities of a listed company, except in case of transmission or transpositions of shares would be carried out in dematerialized form only as per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

14. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar & Transfer Agents. The nomination forms can be downloaded from the company's website www.inspirisys.com. In respect of shares held in Electronic / Demat form, the nomination form may be filed with the respective Depository Participant.

15. As required in terms of SEBI (LODR) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / reappointment in the AGM is appended to this Notice.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their DPs with whom they are maintaining their Demat accounts and members holding shares in physical form to the Company / Registrar & Transfer Agents.

17. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Company / Depository Participant(s) for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Monday, 20th September, 2021 at 9.00 A.M. and ends on Thursday, 23rd September, 2021 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e Friday, 17th September, 2021 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, 17th September 2021.

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **“Beneficial Owner”** icon under **“Login”** which is available under **‘IDeAS’** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **“Access to e-Voting”** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br><br>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **“Register Online for IDeAS Portal”** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br><br>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

| Type of shareholders | Login Method |
|---|---|
| | 4. Shareholders/Members can also download NSDL Mobile App **“NSDL Speede”** facility by scanning the QR code mentioned below for seamless voting experience.<br><br><br> |
| Individual Shareholders holding securities in demat mode with CDSL. | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br><br>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote.<br><br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br><br>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e.**NSDL** where the e-Voting is in progress. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders (holding securities in demat mode) login through their depository participants. | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important Note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at Toll Free No.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   *Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is N300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below :

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to alagar@geniconsolutions.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?" or "Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of **www.evoting.nsdl.com** or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Manager at evoting@nsdl.co.in

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sundaramurthy.s@inspirisys.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sundaramurthy.s@inspirisys.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step **1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attened the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system.** After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request alongwith the questions in advance atleast 03days prior (on or before dated 21st September, 2021 before 2.00 p.m.) to meeting mentioning their name, demat account number / folio number, email id, mobile number at sundaramurthy.s@inspirisys.com. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

6. Shareholders who would like to send their questions are requested to do so in advance atleast 03 days prior to meeting (on or before dated 21st Sepetember 2021 before 2.00 p.m.) mentioning their name demat account number/ folio number, email id, mobile number at sundaramurthy.s@ inspirisys.com.

**General :**

1. Mr. M. Alagar, Practicing Company Secretary (Member ship No. F7488 and CoP No. 8196) of M/s. M. Alagar & Associates, Practicing Company Secretaries, Chennai has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.

2. The Scrutinizer shall after the conclusion of voting at the annual general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

3. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.inspirisys.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, Mumbai.

**By order of the Board of Directors**
**For Inspirisys Solutions Limited**

**Place: Chennai** **S.Sundaramurthy**
**Date: 9th August, 2021** **Company Secretary**

## Annexure A to the Notice dated 9th August, 2021
## Details of Directors retiring by rotation / seeking re-appointment at the meeting

| **Name** | **Mr. Malcolm F. Mehta** |
|---|---|
| Date of Birth | 4th June, 1968 |
| Date of Appointment | 7th May, 2014 |
| Qualification | MBA from Anaheim University and Diploma in Japanese Business Management from Kumamoto Gakuen University. He holds Level 1 in Japanese Language Proficiency Test (JLPT-1). |
| Expertise | With close to 31 years of association with Japan, Malcolm F. Mehta has deep understanding and experience of Japanese management and business practices. He has worked in the private and public sectors in India and Japan and is a globe trotter.<br>With more than 26 years of extensive experience in international trade and IT industry, he has strong leadership and effective communication skills. Has a robust record of success in achieving complex objectives within the specified timelines leading to long term and sustainable growth. He is highly regarded for his prowess in mergers and acquisitions, planning, strategy and business development. Has years of experience of managing businesses across Asia, Europe and North America, collaborating with clients and co-workers at senior management levels with varied cultural backgrounds. |
| Chairmanship / Membership of the Committees of the Board of Director of the Company. | Corporate Social Responsibility Committee - Chairman. |
| List of other Public Companies in which Directorship held | Inspirisys Solutions IT Resources Limited. |
| Chairmanship / Membership of the Committee of other companies in which he/ she is a Director. | NIL |
| Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on 31st March, 2021. | NIL |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company. | NIL |
| Number of meetings attended during the year | Please refer Corporate Governance Section of the 26th Annual Report 2020-2021. |

# DIRECTORS' REPORT

To
**THE MEMBERS OF INSPIRISYS SOLUTIONS LIMITED**

The Directors are pleased to present the 26th Annual Report of the Company together with the Standalone and Consolidated Audited Financial Statements for the financial year ended 31st March, 2021.

## 1. FINANCIAL RESULTS

**₹ in lakhs**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| Total Revenue | 40,912 | 46,826 | 33,095 | 35,403 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 1,590 | 2,748 | 1,605 | 2,989 |
| Finance costs | 991 | 1,414 | 696 | 1,256 |
| Depreciation and amortization expense and impairment loss | 693 | 781 | 669 | 764 |
| Profit / (loss) before tax and exceptional items | (94) | 553 | 240 | 969 |
| Exceptional items | - | - | - | - |
| Profit / (loss) before tax | (94) | 553 | 240 | 969 |
| Tax expense | 192 | 312 | 192 | 312 |
| Profit for the year | (286) | 241 | 48 | 657 |
| Other comprehensive income for the year, net of tax | 50 | (353) | (77) | 53 |
| Total comprehensive income for the year | (236) | (112) | (29) | 710 |

## 2. COVID-19

Uncertainties relating to the global health pandemic from COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India which is now going through the second wave. This has impacted the economic activity and has disrupted businesses across all sectors. The Government has extended the various measures to combat the virus including lock down that continues. Overall operations of the Company both in India and other geographies where the Company operates has been curtailed considerably since March 2020. This is reflected in the business performance across all geographies. The continuing impact of COVID-19 on the Company's operations and financial performance is dependent on how the situation evolves, which under the current circumstances is highly uncertain. The Company has, to the extent possible, considered the likely effects due to the COVID-19 pandemic in the preparation of these financial results for the year ended 31st March, 2021.

As per the Company's assessment which is based on the use of internal and external sources of information, the Company does not expect any significant impact on carrying amounts of financial and non-financial assets. The Company will continue to monitor changes in future economic conditions and take appropriate actions. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

The Company is following the Government protocols on workplace safety, work-from-home and back-to-office guidelines

## 3. BUSINESS PERFORMANCE

Revenue for the year ended 31st March 2021 at a Consolidated basis stood at ₹ 40,912 Lakhs which is a reduction of 13% on a Revenue of ₹ 46,826 Lakhs reported for 31st March, 2020. Revenue for Standalone for the year ended 31st March 2021 stood at ₹ 33,095 Lakhs which is a reduction of 7 % on the Revenue of ₹ 35,403 Lakhs reported for year ended 31st March, 2020.

Reduction in revenue has come from all segments of the business and from all geos where ISL and group companies are operating. Added to the sluggish market conditions prevailing in India due to which large projects were being deferred / delayed, Covid19 had impacted almost all industries & businesses (except for essential services like Banking, Government and healthcare / pharma) on account of the lock down due to COVID 19.


Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

Due to reduction in revenue and the impact on margins, EBITDA for the financial year ended 31st March 2021 was at ₹ 1,580 Lakhs compared to ₹ 2,748 Lakhs for year ended 31st March 2020 on a consolidated basis. The Company made an EBITDA of ₹ 1,605 Lakhs on a standalone basis for the year ended 31st March, 2021 compared to ₹ 2,989 Lakhs for 31st March 2020

**4. DIVIDEND**

The Directors do not recommend any dividend for the year ended 31st March, 2021 due to inadequate profits.

**5. HUMAN RESOURCES DEVELOPMENT**

Attracting and retaining the right talent have been the foremost objective of the HR Function and the actual results indicate the role of Human Capital in the growth of the Company and its strategic activities. The Company recognises people as the primary source of its competitiveness and continues its focus on people development by leveraging technology.

The Company has set in place a stable Talent Acquisition System which helps the Company to handle demands from business by providing them resources on a continuous basis. The Global permanent employee head count was 1815 as on March 31, 2021

The on-boarding model followed helped the Company to integrate associates acquired locally to the culture of the Company.

The learning and development team working as part of the Human Resources function has imparted 3668 man-days of training to employees on various technology solutions and skill development. The Company continues to initiate training of resources to keep up with the new technological challenges, meet the market requirements and deliver high quality services to our clients. The thrust of Human Resource has been on improvement of the performance of employees through training and development

The company's pursuit to connect with its employees on a regular basis and communicate in an open and transparent manner is evident from the stable voluntary attrition rates during the year which was 16.54 percent.

The Board places on record its sincere appreciation for the valuable contribution made by the employees across all levels in the growth of the Company.

**6. BUSINESS EXCELLENCE AND QUALITY INITIATIVES**

The Company continues to maintain highest levels of quality to enhance customer satisfaction.

In FY 2020-21 the company kept the Quality Management Systems updated with continued investment in technologies, infrastructure and processes.

The company has certifications for:

- ISO 9001:2015 (Quality Management System)
- ISO 27001:2013 (Information Security Management System)
- ISO 20000-1:2018 (Service Management System)
- CMMI Level 3 Dev 2.0

The Company has various policies, processes and systems in place that will not only enable strengthening and smooth functioning of the operations but also improve the quality of operations.

**7. DOCUMENTS PLACED ON THE WEBSITE (www.inspirisys.com)**

The following documents have been placed on the company's website in compliance with the Companies Act:

a. Consolidated and Standalone Financial Statements of the Company.

b. Separate audited accounts in respect of subsidiaries as per fourth proviso to Section 136(1).

c. Details of Vigil Mechanism for Directors and Employees to report genuine concerns as per proviso to Section 177(10).

d. The terms and conditions of appointment of Independent Directors.

e. Details of unpaid dividend as per Section 124(2).

**8. SUBSIDIARY COMPANIES**

As at 31st March 2021, the Company has operating wholly owned subsidiaries in the United States, United Kingdom and United Arab Emirates (Dubai). The wholly owned subsidiaries in Japan and India had suspended operations in March 2020 and March 2019 respectively. The company also has a branch office in Singapore. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). The Statutory Audit Report of the Subsidiary Companies for the financial year are placed before the Audit Committee and reviewed by them. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary. Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries is in Form No. AOC-1, which forms part of this Annual Report.

The Company has an investment of ₹ 373 Lakhs in a subsidiary named Inspirisys Solutions North America Inc, USA (ISNA) as on 31st March 2021. ISNA the wholly owned subsidiary of Inspirisys Solutions Limited (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The company continues to have onsite employees placed on various customer projects and have continuing contracts for onsite and offshore work.

The Company had in accordance with Ind AS 36 - "Impairment of Assets", carried out impairment assessment of its investment in ISNA. The Company has performed the impairment assessment and determined the value in use based on estimated cash flow projections. The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared for ISNA. Considering the significant uncertainties arising from ongoing Covid 19 pandemic the Company, as a matter of prudence, has recognised in accordance with Ind AS 36 - Impairment of Assets a provision for the carrying value of investment of ₹ 373 lacs in the Standalone financial statements as on 31st March 2021. Consequent to the impairment provision being made on the carrying value of investments in ISNA, the Goodwill amounting to ₹ 98 Lacs as on 31st March 2021 that is carried in the Consolidated Financials is also being impaired and provided.

**9. CORPORATE GOVERNANCE REPORT REQUIRED UNDER SEBI (LODR) REGULATIONS, 2015**

As per SEBI LODR Regulations, 2015, Corporate Governance Report with Auditors Certificate on Compliance with the conditions of Corporate Governance is attached and form part of this report.

**10. MANAGEMENT DISCUSSION & ANALYSIS**

In terms of Regulation 34 of SEBI (LODR) Regulations, a separate Annexure II to this Report is enclosed where the Management Discussion and Analysis and various initiatives and future prospects of the Company are provided.

**11. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they 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 of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

On the basis of the internal financial control framework and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors, including internal financial controls audit over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2020-21.

**12. STATUTORY AUDITORS REPORT**

**Management response to the qualification in the Statutory Auditor's Report :**

As disclosed with Note 7c to the Standalone Financial and Consolidated Financial Statements the Company has a trade receivable of ₹ 3,200 Lakhs as on 31st March 2021 from one of its subsidiary company Inspirisys Solutions North America, Inc (ISNA). The balance reflects accumulation of receivables since 2016-17. ISNA the wholly owned subsidiary of Inspirisys Solutions Limited (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The trade receivables in the books of ISL India represents services performed and billed on ISNA over the years in respect of offshore services for the clients of ISNA. The Management is working on turning around the business performance of ISNA and are hopeful of generating profits to pay ISL India against the trade receivables and to this effect have drawn up business plans for the subsidiary for the next few years. In view of the above, the Management considers not making any provision towards any expected credit loss against these Accounts Receivable from ISNA including GST liability if any on such export receivables together with interest thereon as we are hopeful of collecting the dues from ISNA.

**13. IMPORTANT DISCLOSURES MADE BY THE COMPANY UNDER REGULATION 30 OF THE SEBI (LODR) REGULATIONS, 2015 TO THE STOCK EXCHANGES**

- Proceedings of the 25th Annual General Meeting of the Company.

**14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has strong commitment towards conservation of energy and adoption of latest technology in its areas of operations. The particulars as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014, are set out in an Annexure- III to this Report.

**15. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors met on 1st March, 2021 and evaluated the performance of Non- Independent Directors and the Board as a whole. Details regarding the same is provided in the Corporate Governance Report.

**16. EVALUATION OF THE BOARD'S PERFORMANCE**

The Board has carried out an evaluation of its own performance, also that of its Directors individually and it's Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance report.

**17. AUDITORS**

**a) Statutory Auditors**

The Statutory Auditors of the Company M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013) hold office till the conclusion of the 29th Annual General Meeting of the Company.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**b) Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M.Alagar, Practicing Company Secretary (Membership No. F7488 and CoP No. 8196) of M/s. M.Alagar & Associates, Practicing Company Secretaries, Chennai to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2021. The Secretarial Audit Report is annexed as Annexure

IV to this report. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks..

**18. PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report. No employee draws remuneration in excess of the limits in terms of the provisions of the Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection in electronic mode. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

**19. FIXED DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from the public within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 and the Rules framed thereunder and as such, no amount on account of principal or interest on deposits were outstanding as on the date of the Balance Sheet.

**20. CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee was formed to recommend: (a) the policy on Corporate Social Responsibility and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. The policy on Corporate Social Responsibility is posted on the company's website www.inspirisys.com. Detailed report on CSR activities in the prescribed format is forming part of this annual report.

**21. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)**

**Directors**

- Mr. Malcolm F. Mehta, Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment

The Directors have recommended the appointment / reappointment for the approval of Shareholders. The brief profile of the Directors are furnished in the Notice convening the AGM of the Company.

**22. ACKNOWLEDGEMENTS**

The Directors take this opportunity to thank the Company's employees, customers, vendors, investors, alliance partners, business associates, bankers for their continuous support given by them to the Company and their confidence reposed on the management. The Directors also thank the Central and the State Governments in India, Governments of the countries where the Company has operations and concerned Government departments and agencies for their continued co-operation. The Directors acknowledge the unstinted commitment and valuable contribution made by all members of the Inspirisys family.

**For and on behalf of the Board of Directors**

**Place: Chennai** — **Malcolm F. Mehta**
**Date: 9th August, 2021** — **Chairman & Chief Executive Officer**

## ANNEXURE - I TO THE DIRECTOR'S REPORT

### 1. ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 the Annual Return of the Company is posted on the Company's website www.inspirisys.com. The requisite link is www.inspirisys.com/investors

### 2. NUMBER OF MEETINGS OF THE BOARD

There were 4 meetings of the Board of Directors during the year under review. For details of the meetings, please refer to the Corporate Governance Report, which forms part of this Report.

### 3. INDEPENDENT DIRECTORS' DECLARATION

Mrs. Ruchi Naithani, Mr. Raj Khalid, Mr. Rajesh R. Muni and Mr. M S Jagan who are Independent Directors, have submitted a declaration that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulations. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

### 4. POLICY OF DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act has been disclosed in Corporate Governance Report which forms part of this Report. Further, information about elements of remuneration package of individual directors is provided in the Annual Return (under Section 92(3) of the Act), which is disclosed in the Company's website www.inspirisys.com under investors section.

### 5. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

As provided under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members & Senior Management Personnel have affirmed compliance with Inspirisys Solutions Limited Code of Conduct for the year ended 31st March, 2021.

### 6. RELATIONSHIP BETWEEN DIRECTORS INTER-SE

Transactions with any of the related parties were not in conflict with the interest of the Company. Members' attention is drawn to the transaction with related parties disclosure set out in Note No. 36 of Consolidated Accounts and Note No. 37 of Standalone Accounts forming part of the Financial Statements as at and for the year ended 31st March, 2021. The Company's related party transactions are primarily with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business, exigencies, such as synergy in operations, sectorial specialization and the Company's long-term strategy for sectorial investment's, optimization of market share profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arm's length basis and are intended to further the Company's interests.

The particulars of transactions between the Company and its related parties as per the Ind AS 24 "Related Party Disclosures" referred under Section 188 of the Companies Act, 2013 are set out in the Notes forming part of the financial statement as at and for the year ended 31st March, 2021. There have been no materially significant related party transactions, which may have potential conflicts with the interest of the company.

### 7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of the Loans and Investments made by company are given in the notes to the financial statements. The company has not given any Guarantees covered under the provisions of Section 186 of the Companies Act, 2013

### 8. TRANSACTIONS WITH RELATED PARTIES

None of the transactions with related parties fall under the scope of Section 188(1) of the Act. The Company has entered into contract / arrangements with the related parties in the ordinary course of business and on arm's length basis.

### 9. INTERNAL CONTROL

The Company has adequate internal control procedures commensurate with the size and nature of its operations.

The internal control system is further strengthened by internal audit carried by an independent firm of Chartered Accountants and periodical review conducted by the management. The Audit Committee of the Board addresses issues raised by Internal Auditors and the Statutory Auditors.

The financial objective of the Company is to bring in efficiencies of operations at all levels so as to maximize return on capital employed and to generate sufficient cash profits to fund ongoing expansions and to meet the growth objectives.

The Audit Committee and the Board periodically review performance parameters related to financial performance of the Company to ensure smooth implementation of the internal control systems and efficient management of the various resources. The Audit Committee conducts periodic reviews with the management, internal auditors and the statutory auditors.

**10. RISK MANAGEMENT**

The Board of Directors of the Company oversee the Risk Management of the Company on a continuous basis. The Board oversees the Company's process and policies to frame, implement and monitor the risk management plan for the Company. The Board is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report.

**11. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

The Company has practice of conducting familiarization program of the Independent Directors as detailed in the Corporate Governance Report which forms part of the Annual Report.

The same is disclosed in the Company's website www.inspirisys.com under investors section.

**12. VIGIL MECHANISM**

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees in confirmation with Section 177(9) of the Act and Regulation 22 of Listing Regulations, to report concerns about unethical behaviour. The details of the policy have been disclosed in the Corporate Governance Report, which is a part of this report.

**13. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES**

The wholly owned subsidiaries of the Company continue to be engaged in the business of providing IT / ITES services, business solutions and consulting services. There has been no material change in the nature of the business carried on by the subsidiaries during the year under review. The Company's subsidiaries are:

1. Inspirisys Solutions DMCC, Dubai.
2. Inspirisys Solutions North America Inc., USA
3. Inspirisys Solutions Europe Ltd. U.K.

The company also has the following wholly owned subsidiaries which had suspended its operations:

1. Network Programs (USA) Inc.,USA (Suspended from March 2020)
2. Inspirisys Solutions Japan KK, Japan (Suspended from March 2020)
3. Inspirisys Solutions IT Resources Limited, India (Suspended from March 2019)

Gross Revenue from operating subsidiaries for the year ended 31st March 2021 was Rs 8,443 Lakhs which is a reduction of 33% compared to the gross revenue of ₹ 12,629 Lakhs during the financial year ended 31st March 2020. The Net losses of these subsidiaries on consolidated basis is ₹ 610 Lakhs during the Financial Year 2020-21 which is higher by 12% from the losses these subsidiary companies incurred in Financial Year 2019-20 which stood at ₹ 546 Lakhs. The financial position of each of the subsidiaries is provided in a separate statement AOC-1, attached to the Financial Statement pursuant to first proviso to Section 129(3) of the Act.

As explained earlier in the Directors Report, the Company has impaired its investments (Inspirisys Solutions North America Inc, USA) of ₹ 373 Lakhs on a stand-alone basis and the impact on impairment on a consolidated basis is ₹ 98 Lacs being the impairment of goodwill.

**14. PARTICULARS OF REMUNERATION**

The information required under Section 197 of the Act and the Rules made thereunder, in respect of employees of the Company, is follows:-

(a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Except Mr. Malcolm F. Mehta, no directors were in receipt of remuneration except sitting fees. For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration.

| Name of the Director | Ratio to median remuneration | Remuneration paid (₹ In Lakhs) |
|---|---|---|
| Mr. Malcolm F. Mehta* | 145 | 372.51* |

* Of the above ₹ 263.68 lakhs was reimbursed by M/s. CAC Holdings Corporation, Japan. The remuneration amounting to ₹ 108.83 lakhs paid for the period from October 1, 2020 to March 31, 2021 has been charged to the P&L of the Company which was duly approved by the Shareholders of the Company at the Annual General Meeting of the Company on 16th September, 2020.

(b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

| Name of the Person | % increase in Remuneration |
|---|---|
| Mr. Malcolm F. Mehta,<br>Chairman & Chief Executive Officer | 2.62% |
| Mr. Murali Gopalakrishnan,<br>Chief Financial Officer | 5.0% |
| Mr. S. Sundaramurthy,<br>Company Secretary | 5.6% |

(c) The percentage increase in the median remuneration of employees in the financial year was NIL.

(d) The number of permanent employees on the rolls of Company;

There were 1,755 permanent employees in India on the rolls of Company as at 31st March, 2021.

(e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average increase in salaries of employees other than managerial personnel in 2020-2021 was 3.89%. Percentage increase in the managerial remuneration for the year was 2.62%.

(f) Affirmation that the remuneration is as per the remuneration policy of the Company;

The Company's remuneration policy is based on the performance of the employees and that of the Company. The Company's compensation consists of fixed component, benefits and variable pay based on the individual's performance which is measured through the annual appraisal process

**15. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON EXECUTIVE DIRECTORS**

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

**For and on behalf of the Board of Directors**

**Place: Chennai** **Malcolm F. Mehta**

**Date: 9th August, 2021** **Chairman & Chief Executive Officer**

## ANNEXURE-II

### MANAGEMENT DISCUSSION AND ANALYSIS

### A. INDUSTRY STRUCTURE AND DEVELOPMENTS

**Global Economic overview**

The Year 2020 began on a positive note with the anticipated bottoming out of manufacturing activity and global trade, a broad-based shift toward accommodative monetary policy, favourable news on the US-China trade negotiations, and diminished fears of a no-deal Brexit. However, soon the global economy was hit by a once-in-a-century crisis caused by the COVID-19 pandemic. Economic activities came to a grinding halt during the second quarter of 2020, as governments around the world responded with social distancing, lockdown, and quarantine measures, along with restrictions. According to World Economic Outlook, IMF, Global output is estimated to have contracted by 3.5% in the year 2020, the sharpest since the Great Depression. Developed countries were the worst hit with ~4.9% contraction, as many countries in Europe and several states in the United States of America adopted strict lockdown measures early on during the outbreak. Global technology spends declined 3.2% to about $1.4 trillion in 2020. Within that, IT services spending declined more, down 3.9%, as per a NASSCOM review report.

The US economy contracted by ~3.4% in 2020 resulting in the biggest drop in GDP, since 1946. The Eurozone was impacted severely by the pandemic and reported a negative growth of 7.2% over 2019. Governments in the advanced economies provided extensive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans and guarantees), and central banks reinforced this with expanded asset purchase programmes, funding-for-lending facilities and, for some, interest rate cuts. The fiscal outlays of the developed countries represented ~80% of the US$ 12.7 trillion fiscal stimulus worldwide, with Germany, Japan and the US accounting for more than 50% of the fiscal stimulus provided globally, according to IMF and World Bank reports. However, a second wave of infection across several developed countries, during the last quarter of the year, affected recovery.

**Indian Economy**

India's economy had been losing momentum even ahead of the shock delivered by the COVID-19 crisis faced with structural slowdown in 2019-20, which resulted in a six-year low GDP growth. With the outbreak of the COVID-19 pandemic, India implemented strict lockdown and other containment measures to control the spread of the virus. This restricted economic activities and slashed domestic consumption. The services sector, mostly in the urban areas, was disproportionately impacted by the pandemic, thereby negatively impacting consumption.

The lockdown led to a 23.9% decline in GDP during Q1 FY2021, followed by a 'V'-shaped recovery. GDP grew at 1.6% in Q4 FY2021 owing to a faster recovery across economic indicators. According to the National Statistical Office, the Indian economy witnessed a contraction of 7.3% for the entire fiscal year, reflecting a sharp drop in household spending and private investment. In response to the COVID-19 shock, the Government and the Reserve Bank of India took several monetary and fiscal policy measures to support vulnerable firms and households, with increased spending on health and social protection and cushion the impact of the crisis on the economy.

CEBR forecasts that the Indian economy will expand by 9% in 2021 and by 7% in 2022.

**IT Industry Outlook & Overview**

With radical shifts in market demands over the last fiscal year, we see a convergence of business opportunities in IT services. This convergence will result in either end-to-end integrated deals that combine technology and business process requirements or agile digital opportunities that start with small projects and rapidly scale up to end-to-end digital transformation engagements. India's technology industry is forecasted to grow at 2.3% to reach approximately $194 billion in fiscal year 2021. This growth is driven by increased demand for digital transformation and infrastructure modernization. Digital revenues are likely to account for 28-30% of total industry revenues for fiscal year 2021, growing at five times the overall services growth, as per NASSCOM.

COVID-19 pandemic stalled many digital transformation projects for Indian enterprises, mainly because of the market uncertainties and reduced cash flows. In 2020, spending on the devices and data center systems segments experienced steepest declines and dropped 26% and 1.2%, respectively. Whereas CIOs continued to spend on enterprise software, IT services and communication services in 2020.

The pandemic situation was a wake-up call for many organizations to revive their IT strategies and test long-pending projects such as remote working, which delivered on-promise for many enterprises and helped them stay afloat during the most testing times. The success of these digital innovations has brought back the focus and increase on IT investments. In 2021, CIOs are positioning IT as not just a growth enabler, but a 'survival necessary' strategy. While all segments will experience an increase in spending, the enterprise software segment will achieve the highest growth of 13.6%, followed by datacenter systems at 8.3%.

India's IT spending is projected to total $93 billion in 2021, an increase of 7.3 percent from 2020, according to the latest forecast by Gartner, Inc. CIOs in India are spending more towards accelerating digitization efforts. Investments in digital, analytics, cloud, Internet of things (IoT), cybersecurity and other emerging technologies have been growing exponentially in nearly every large enterprise and that growth is likely to continue. As demand for digital technologies accelerates and cost savings create opportunities to replace traditional technologies, technology services companies are investing in software products and platforms that transform them into end-to-end solution providers.

There is no doubt that the COVID-19 pandemic, the resulting disruption of the world economy and the social upheavals of early 2020 have battered some industries.

But the demand for digital technology has continued to be strong. And while there have been delays in some engagements and short- term economic slowdowns, there appear to be tremendous opportunities for technology companies to grow in the medium and long term. To capitalize on this potential, industry players have been investing in sales and delivery capabilities that will be needed in the long term. They have been increasing their presence in client geographies, opening delivery centers and innovation hubs at onshore and nearshore locations.

**B. OPPORTUNITIES & THREATS**

Inspirisys Solutions Limited leverages its deep contextual knowledge of its customer's businesses to craft unique, superior quality, high impact solutions designed to deliver differentiated business outcomes. The COVID-19 pandemic has caused major shifts to online, primarily influencing this shift to the digital, we are working relentlessly to convert them into opportunities with our suite of products and services. The Company has its footprint and focus across the BFSI, Manufacturing, Telecom, Healthcare, Government & PSU verticals which again is on a high in recent times with great prospects for it to grow exponentially.

- **IT Infrastructure and Cloud**

We provide a range of IT Infrastructure and Cloud services which include customer-centric design, IT consulting, systems integration, package implementation, maintenance, global infrastructure services to leading enterprises. We offer comprehensive IT system integration services including Datacenter Transformation Solution, Data Management Solution, Network Transformation Solution, Workplace Transformation, Managed Services and Tools & Automation. Rather than market standalone IT products, we provide IT products as a complement to our IT services offerings, with a more selective approach in bidding for SI engagements.

- **Cybersecurity**

According to Gartner forecasts, Enterprise Information Security and Risk Management spending in India is expected to grow 9.5% in 2021. Organizations are expected to increase their spending across all segments of security and risk management. Our Enterprise Security Practice offers Solutions & Services in Security Transformation Services including Cloud Security, Data Security, Block chain security assessment, IDAM, Network Security, Data Security & Endpoint detection, and response (EDR). Our cognitive SOC and RIM services augment our existing Enterprise Security & Infra catalogue, providing an integrated perspective to the cybersecurity requirements of customers, where we see an increased demand on deployment / support of cyber security control mechanisms.

- **Redoubling digital transformation efforts**

Digital transformation and the cloud are synergistic - the cloud enables digital transformation, and digital transformation fuels the importance of moving to the cloud. Demand for cloud-driven as-a- service offering is growing rapidly. Global public cloud service revenue is expected to reach US$ 308.5 billion in 2021 and US$ 354.6 billion by 2022.

- **Artificial Intelligence (AI)**

AI remains one of the new technology trends and its impact on how we live, work and play is still in the early stages. It is expected that AI-based revenues will strengthen significantly going forward, largely driven by ML, deep learning, and conversational AI applications. The major adopters of AI are expected to be healthcare, remote work and education. Projected AI-based Global Revenue is estimated to be US$ 100 billion by 2025.

- **Internet of Things (IoT)**

IoT has enabled devices, home appliances, cars and much more to be connected to and exchange data on the Internet. It can enable better safety, efficiency and decision making for businesses as data is collected and analysed. It can also enable predictive maintenance, speed up medical care and improve customer service. According to a Grand View Research Report, the global industrial IoT market size is expected to reach US$ 949.42 billion by 2025.

- **Robotic Process Automation (RPA)**

RPA automates repetitive tasks viz., business processes such as interpreting applications, processing transactions, dealing with data and even replying to emails. Global RPA software revenue is projected to grow 19.5% in 2021 against the revenue reported in 2020. Projected Revenue of RPA SW License is around US$ 1.9 billion by end of 2021.

After growing at very high rates for years, India's economy had already begun to slow down before the onset of the COVID-19 pandemic. Between FY17 and FY20, growth decelerated from 8.3 percent to 4.0 percent, with weaknesses in the financial sector compounded by a decline in the growth of private consumption. The implementation of a national lockdown on March 24, 2020 (i.e., on the eve of the new FY21 fiscal year), brought economic activity to a halt, affecting both production and consumption. As a result, growth was negative in the first half of the fiscal year (April to September 2020) and only modestly positive in the second half. Over the entire FY21, India's economy as per RBI contracted by 7.3 percent.

Technology adoption in this rapidly evolving and impacted market is likely to be inconsistent due to:

- Deferred / delayed decisions by Enterprises.
- Revisiting Investments already made in recent past in various technologies.
- Adopting wait-n-watch, as technologies evolve (RPA was hot-cake not too long ago, today there are better variations viz., Low Code / Zero Code Development Technologies, DEVOPS etc.)
- Confirming Ability and Competencies of IT Companies in provisioning these evolving advanced technologies.

In a dynamic marketplace with new competitors arising in new technology areas, we see that traditional technology services are rapidly evolving and "shift to the new" is becoming more pronounced. Customers have accelerated their adoption of technology and companies globally are embarking on programs of transformation that would improve operational efficiency and embrace agility at scale. With Customer-centricity as our strategy, we continue our resilience amid all odds to respond to the COVID-19 crisis with agility. Most of our workforce are enabled to work from home and we continue to service our customers, delivering on several time critical milestones and processes

**C. HUMAN RESOURCE MANAGEMENT**

The Human Resources (HR) Department at Inspirisys plays a strategic role today, with a vision, which thrives on

- Catering to diverse & dynamic Business demands
- Building an innovative & flexible organization
- Establishing efficient & sustainable Practices
- Continually engaging and communicating with employees
- Creating a hi-trust environment

With this vision, the HR Department has become more important than ever, to enable organizational success, by working with the Business Teams, to pivot from Traditional to Future-Workplace Models, from Hierarchal Leadership to Mindful Leadership, from Low-Trust to High-Trust, from Stagnation to Innovation, from instruction to self-direction, from Worker-Mind-set to Entrepreneur-Mind-set, from Performers to High Outperformers, from Cocoon to Collaboration, from Thought Leadership to Unified Execution Leadership, from Individualized Best Practices to Institutionalized Best Practices, from Employee Engagement to Employee Experience, from Career Reversion to Career Progression, from Conservatory Work Culture to Participatory Work Culture, for Rapid Business Transformation.

To propel Rapid Business Transformation & enable Organizational Success, the HR Department has chartered, and is executing the below Organization Development Framework, for the heart of our business - Our People.

- Hire - Attract, Retain & Track Development
- Manage - Engage, Grow & Ensure Human Experience
- Empower - Build Competencies, Leadership & Succession/Career Progression Plan

This Organization Development Framework, which is a business imperative, will enable the following.

- Future workplace with sensitive, dignified, and responsive people practices
- Nurturing individual drive towards experimentation and innovation
- Breaking the silos and controlled boundaries
- Sincere and steadfast employee engagement
- Enabling space for employees' voice in organizational affairs

The Company has adopted a Policy on Prevention of Sexual Harassment at Workplace which is in line with the requirements of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy has been formed in order to prohibit, prevent or deter the commission acts of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under the Policy and the Policy is gender neutral. During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**D. FOCUS AREAS OF THE COMPANY**

The company is constantly investing and continues to focus on adoption of new technologies, competency building and offering value added services across its 6 Practices viz., Infrastructure, Cloud, Enterprise Security, IOT, Banking and Product Engineering Development, which is imperative for long term growth and sustenance. With the varied offerings and capabilities being built in the new technologies, the company is geared to offer a wide spectrum of services that are in demand both in domestic and overseas markets. The ability to stitch together complex, integrated solutions that address the needs of all stakeholders in the enterprise, along with the high levels of trust engendered in customer relationships, helps us to win transformation deals.

Continued Covid-19 Pandemic situation has staggered the market demand and investment plans affecting business opportunities. Our focus on Infra, Cloud and Security and the agility and flexibility to cross leverage these platforms, will help the company to capitalise on the situation. Also, the shift towards recent technologies like Cloud based, Automation, Artificial Intelligence etc. and our investments on the RIM and SOC will prove favourable.

Industry vertical specific service offerings have been formulated with key focus verticals continuing to be BFSI, Manufacturing, Telecom and Healthcare. Our GTM structure and leverage across practices to provide end to end IT solutions has helped to address cross sell & upsell opportunities from our existing as well as prospective clients.

A reliable and robust Global Delivery framework has been established to ensure delivery excellence and assurance with enhanced customer delight & satisfaction. With the IT industry heavily dependent on people skills, we continue to enhance our human capital by acquiring the best talent available in the market, providing a supportive and vibrant workplace to engage that talent, investing in upskilling individuals with the latest technology skills, and providing them career paths matching their aspirations. We continue to have growth oriented strategic alliances and engagements in place with 50+ OEM's & Partners at various Partnership levels to complement and strengthen our portfolio of offerings & capabilities.

The key focus of the Company continues to be on increasing the share of the services business in India, increase the share of the exports / overseas business, cross-sell its services across divisions and geographies, develop niche products and services and target private sector including multinational companies in India, thereby, improving the profitability of the Company.



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## E. RISK MANAGEMENT

The Board continues to provide the guidance to the company in terms of ascertaining the risk factors as applicable to the company's business and providing the direction to assess and mitigate the same. The company periodically assesses the risks involved in the business and reports to the Board for them to take necessary steps in mitigating them.

## F. DETAILED REVIEW OF FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the Companies Act, 2013 and Ind AS.

The following table gives an overview of the financial results of the company on a consolidated basis:

**₹ in lakhs**

| Particulars | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | ₹ In Lakhs | % | ₹ In Lakhs | % |
| **Revenue** | | | | |
| Revenue from operations | 40,370 | 99% | 45,849 | 98% |
| Other income | 542 | 1% | 977 | 2% |
| **Total revenue** | **40,912** | **100%** | **46,826** | **100%** |
| **Expenses** | | | | |
| Materials / Service costs | 13,474 | 33% | 15,622 | 33% |
| Employee benefits expense | 12,541 | 31% | 12,590 | 27% |
| Other expenses | 13,307 | 33% | 15,866 | 34% |
| **Total expenses** | **39,322** | **96%** | **44,078** | **94%** |
| **EBITDA** | **1,590** | **4%** | **2,748** | **6%** |
| Finance costs | 991 | 2% | 1,414 | 3% |
| Depreciation and amortization expense and impairment loss | 693 | 2% | 781 | 2% |
| **Profit / (loss) before tax and exceptional items** | **(94)** | **0%** | **553** | **1%** |
| Exceptional items | - | - | - | - |
| **Profit / (loss) before tax** | **(94)** | **0%** | **553** | **1%** |
| **Tax expense** | **192** | **0%** | **312** | **1%** |
| Profit / (loss) for the year | (286) | - | 241 | - |
| Profit from discontinued operations (net of tax) | - | - | - | - |
| Profit for the year | (286) | - | 241 | - |
| **Other comprehensive income for the year, net of tax** | **50** | **0%** | **(353)** | **(1%)** |
| **Total comprehensive income for the year** | **(236)** | **(1%)** | **(112)** | **0%** |
| Minority interest | - | - | - | - |
| **Total comprehensive income after Minority Interest** | **(236)** | **(1%)** | **(112)** | **0%** |

## G. REVENUE ANALYSIS

**₹ in lakhs**

| BUSINESS MIX | FY 2021 | % | FY 2020 | % |
|---|---|---|---|---|
| SI - System Integration | 13,964 | 34.6% | 16,445 | 36% |
| Services | 24,883 | 61.6% | 27,475 | 60% |
| WMS - Warranty Management Services | 1,523 | 3.8% | 1,929 | 4% |
| Training | - | | - | - |
| **TOTAL** | **40,370** | **100%** | **45,849** | **100%** |

H. **BUSINESS ANALYSIS BY PRACTICE & SERVICES**

With a comprehensive suite of end-to-end Infrastructure and Cloud offerings to address the traditional and transformational needs of large enterprises, we have positioned ourselves as a System Integrator of choice by focussing on service offerings around Datacenter Transformation Solutions, Data Management Solutions, Network Transformation Solutions, Workplace Transformations, Managed Services and Tools & Automation.

Our cognitive SOC and RIM services augment our existing Enterprise Security & Infra catalogue, providing an integrated perspective to the security requirements of customers, where we see an increased demand on deployment / support of cyber security control mechanisms. The immediate roadmap is to focus and provide Security Transformation Services including Cloud Security, Data Security, Block chain security assessment, IDAM, Network Security & Endpoint detection, and response (EDR).

The Product Engineering & Development Practice continues to focus on Cloud Based Application Solutions, Application development, Technology refresh, Robotic Process Automation, DevOps, Analytics, Artificial Intelligence, Machine Learning. Besides, our Microsoft Dynamics offering is promising with the growing demand in the Middle East market.

Our Exclusive Banking Practice has an IP based Banking Solution GBM and GBM-Ultra. GBM-Ultra is a comprehensive solution for government payment transactions which is feature rich and secure IP. This is an enhanced & enriched version of GBM with state of art solution architecture. Almost all public sector banks (PSU's) are customers of GBM. We continue our relationship as an implementation partner for Finacle providing Implementation, Migration, Support & Customization as an offering and have been instrumental in multiple 10X migrations.

With new initiatives around strengthening our Global delivery framework, all practices are maturing to deliver and support global clients. We expect the Infrastructure, Enterprise security and Cloud services and the software services viz., IOT, Banking & Product Engineering Development to earn more export revenues in the future.

I. **DEPRECIATION AND AMORTIZATION**

The Company has been following straight-line basis of depreciation and has depreciated assets based on the rates mentioned in the Companies Act. In respect of application software, estimated useful life of the assets is taken as 7 years and has accordingly amortized the value of the software assets capitalized. Intangible asset in the form of goodwill is being amortized over a period of ten years. Considering the indefinite life of the goodwill, the Amortisation of goodwill has been stopped from the financial year 2018-19. This asset will be tested for impairment at the end of every financial year.

**Adoption of Ind AS 116:**

The lease liability is measured at the present value of the lease payments to be made over the lease term. Lessees accrete the lease liability to reflect interest and reduce liability to reflect lease payments made.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease pre-payments, lease incentives received, lessee's initial direct cost and an estimate of restoration, removal and dismantling costs. The related right of use asset is depreciated in accordance with the depreciation requirements of Ind AS 116.

J. **FINANCING COSTS**

The company had obtained working capital loans from Japanese banks at a much lower cost on account of guarantees from CAC Holdings Corporation, Japan, the holding company. This has helped the company to contain the interest costs. Effective collections and refund of income tax helped in savings on finance cost for the year.

K. **TAXATION**

The company on account of the brought forward business losses did not provide for the tax under the normal computation. Accordingly, the tax has been provided under the provisions of MAT. Further on account of losses in the overseas subsidiary no taxes are provided for the year under review for the overseas subsidiary companies.

The Consolidated Balance Sheet of Inspirisys Solutions Limited is given below :

**₹ in lakhs**

| **Consolidated Balance Sheet of Inspirisys Solutions Limited** | | |
|---|---|---|
| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 562 | 571 |
| Goodwill | 542 | 640 |
| Right of Use | 525 | 833 |
| Other Intangible assets | 54 | 187 |
| Intangible asset under development | 426 | 235 |
| Financial assets | | |
| - Investments | - | - |
| - Trade receivables | 38 | 28 |
| - Bank balances | 772 | 833 |


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₹ in lakhs

| Consolidated Balance Sheet of Inspirisys Solutions Limited | | |
|---|---|---|
| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
| - Other financial assets | 374 | 625 |
| Income tax assets (net) | 3,644 | 5,409 |
| Other non-current assets | **520** | **750** |
| | **7,457** | **10,111** |
| **Current assets** | | |
| Inventories | 597 | 996 |
| Financial assets | | |
| - Trade receivables | 9,376 | 13,285 |
| - Cash and cash equivalents | 3,082 | 1,538 |
| - Bank balances other than those mentioned in cash and cash equivalents | - | - |
| - Loans | - | - |
| - Other financial assets | 496 | 349 |
| Other current assets | 3,738 | 4,431 |
| | **17,289** | **20,599** |
| **Total assets** | **24,746** | **30,710** |
| **Equity** | | |
| Equity share capital | 3,962 | 3,962 |
| Other equity | (2,434) | (2,198) |
| | **1,528** | **1,764** |
| **Non - Controlling Interests** | **-** | **-** |
| **Non - Current liabilities** | | |
| Financial liabilities | - | - |
| - Borrowings | 286 | 5,792 |
| Lease liability | 379 | 599 |
| Provisions | 838 | 789 |
| | **1,503** | **7,180** |
| **Current liabilities** | | |
| Financial liabilities | | |
| - Borrowings | 3,309 | 7,211 |
| Lease Liability | 225 | 294 |
| - Trade payables | 5,935 | 5,664 |
| - Other financial liabilities | 8,125 | 3,661 |
| Other current liabilities | 3,853 | 4,756 |
| Provisions | **267** | **131** |
| | **21,714** | **21,766** |
| **Total equity and liabilities** | **24,746** | **30,710** |

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**Key Ratios**

| Description | U/ M | Year ended | | Remarks |
|---|---|---|---|---|
| | | 31-Mar-21 | 31-Mar-20 | |
| Debtors Turnover | Days | 120 | 126 | Better collection brought down Debtors days ratio and improved cash flow |
| Inventory Turnover | Days | 6.6 | 7.4 | Optimization of inventory holding for services business brought down inventory days cover |
| Interest Coverage Ratio | Times | 1.3 | 1.9 | Whilst total Interest cost reduced from Rs 1175 Lakhs in Fy20 to Rs 696 Lakhs in Fy21, the reduction in turnover and Lower EBIT resulted in Lower interest coverage ratio. Impact on turnover on EBIT is on account of Covid19 pandemic. |
| Debt Equity Ratio | | 1:1 | 1.42:1 | Reduction in Working Capital borrowings due to lower business resulted in Ideal Debt Equity Ratio for the company. |
| Operating Profit Margin | % | 5% | 8% | Reduction in Revenue due to Covid19 pandemic and reduction in Gross Margins for system integration and Infra service business due to prevailing market conditions and stiff competition impacted the operating profit which resulted in lower operating profit margin for Fy21. |
| Net Profit Margin | % | 0% | 2% | Impact on Revenue and Gross margins as explained for Operating profit margin had brought down the Net Profit margin. |
| Return on Networth | % | 0% | 10% | Impact as explained above for Net profit brought down the ratio in Fy21. |

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## Key Highlights

**A. Equity and Reserves**

The Equity Capital of the Company remained unchanged during the year.

**B. Borrowings**

The Long Term Borrowings of the Company with respect to External Commercial Borrowings remained the same except for exchange fluctuations impact. The other long term borrowings and working capital facilities with the Banks were lower consequent to effective collections and reduction in overall requirement of funds due to revenue reduction.

**C. Receivables Management**

The company has written off/provided for bad debts of Rs. Nil Lakhs on standalone basis and ₹ 155 Lakhs on consolidated basis during the financial year. The Receivables (before allowances for credit loss) which are classified as "Current" under the new Ind AS stands at ₹ 10,901 Lakhs as at 31st March, 2021 as compared to ₹ 14,978 Lakhs as at 31st March, 2020.

**D. Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in Government regulations, tax laws, economic & political developments within and outside the country and such other factors.

**For and on behalf of the Board of Directors**

**Place: Chennai** **Malcolm F. Mehta**
**Date: 9th August, 2021** **Chairman & Chief Executive Officer**

## ANNEXURE-III

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [(In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)]**

**A. CONSERVATION OF ENERGY**

The Company's operations involve low energy consumption to run its various offices and therefore the scope of energy conservation is limited. The Company however, has means and processes to constantly monitor the usage of power and optimize the same to the extent possible.

**B. TECHNOLOGY ABSORPTION**

The Company is constantly upgrading and adapting new technologies to meet the technology challenges.

**C. RESEARCH AND DEVELOPMENT (R&D)**

During the year under review, the company has not initiated any new R&D activity.

**D. FOREIGN EXCHANGE EARNING AND OUTGO**

Details of Foreign Exchange Earnings and Outgo is given below:

**₹ in lakhs**

| Sl. No. | Particulars | 2020 - 2021 | 2019 - 2020 |
|---|---|---|---|
| (i) | Total Foreign Exchange earned | 3,966.00 | 3,274.00 |
| (ii) | Total Foreign Exchange outflow | 490.00 | 497.00 |

**Annexure IV**

**Form No. MR-3**

## SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2021
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
**INSPIRISYS SOLUTIONS LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INSPIRISYS SOLUTIONS LIMITED** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2021 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended March 31, 2021 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as amended from time to time;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time;

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **- Not Applicable for the audit period.**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **- Not Applicable for the audit period.**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **- Not Applicable for the audit period.**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not Applicable for the audit period.**

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **- Not Applicable for the audit period.**

We have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India and as mandated by the Companies Act, 2013.

**We further report that** based on the explanation given, information received and process explained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, rules, regulations and guidelines. The Company has confirmed compliance with the following labour and industrial laws;

1. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
2. The Employees' State Insurance Act, 1948
3. The Equal Remuneration Act, 1976
4. The Employee's Compensation Act, 1923
5. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
6. The Maternity Benefit Act, 1961
7. The Minimum Wages Act, 1948
8. The Payment of Bonus Act, 1965
9. The Payment of Gratuity Act, 1972
10. The Payment of Wages Act, 1936
11. The Factories Act, 1948
12. The Contract Labour (Regulation and Abolition) Act, 1970
13. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
14. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
15. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
16. The Industrial Disputes Act, 1949
17. The Tamil Nadu Labour Welfare Fund Act, 1972
18. The Tamil Nadu Shops and Establishments Act, 1947
19. The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992
20. Tamil Nadu Industrial Establishments (National, festival and special holidays) Act, 1958

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance or as the case may be, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having major bearing on the Company's affairs

**For M. Alagar & Associates**

**Place:** Chennai
**Date:** 25th May, 2021

**M.Alagar**
**Managing Partner**
**FCS No: 7488**
**CoP No.: 8196**
**UDIN: F007488C000354538**

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

**To,**
**The Members**
**INSPIRISYS SOLUTIONS LIMITED**

Our report of even date is to be read along with this letter

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, and authorised representatives during the conduct of the audit and also on the review of quarterly compliance reports issued by the respective departmental heads/ Company Secretary, taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws including labour laws.

**For M. Alagar & Associates**

**Place:** Chennai
**Date:** 25th May, 2021

**M.Alagar**
**Managing Partner**
**FCS No: 7488**
**CoP No.: 8196**
**UDIN: F007488C000354538**

## REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   Inspirisys Solutions Limited, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate, with environmental concern.

   The policy encompasses the company's philosophy its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

   This policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons. The CSR policy is available on the company's website www.inspirisys.com under investors section.

   For purposes of focusing its CSR efforts in a continued and effective manner, the following areas have been identified:

   1. Community drinking water supply
   2. Sanitation facilities (with focus on toilets)
   3. Education
   4. Eradicating hunger, Poverty and Malnutrition
   5. Protection of National Heritage, art and culture
   6. Training to promote Rural sports, nationality recognised sports
   7. Slum area development

2. **The Composition of the CSR Committee**

   The Company has constituted the CSR Committee with the following Directors:

| Sl. No. | Name of Directors | Designation | Number of meetings held during the year | Number of meetings attended during the year |
|---|---|---|---|---|
| (i) | Mr. Malcolm F. Mehta | Chairman (Executive & Non - Independent) | 2 | 2 |
| (ii) | Mrs. Ruchi Naithani | Member (Independent) | 2 | 2 |
| (iii) | Mr. Rajesh R. Muni | Member (Independent) | 2 | 2 |

3. **Provide the web link where Composition of the CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company**

   www.inspirisys.com

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.**

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---|---|---|---|
| (i) | 2020 - 2021 | Nil | Nil |

6. **Average net profit of the company as per section 135(5)** **₹ in Lakhs**

| Sl. No. | For the Financial Year | Annual Net Profit |
|---|---|---|
| (i) | 2017-2018 | 272.00 |
| (ii) | 2018-2019 | 1,298.00 |
| (iii) | 2019-2020 | 1,444.07 |
| | **Total** | **3,014.07** |
| | **Average Annual Net Profit** | **1,004.69** |

7. **(a) Two percent of average net profit of the company as per section 135(5)**

   2% of Average Net Profit works out to - ₹ 20.09 lakhs.


Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

**(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years.**

Nil

**(c) Amount required to be set off for the financial year, if any**

Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c) :** ₹ 20.09Lakhs

8. **(a) CSR Amount spent or unspent for the financial year:**

| Total amount spent for the Financial year (amount in Rs.) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| ₹ 20.09 lakhs | Nil | | Nil | | |

**(b) Details of CSR Amount spent against ongoing projects for the financial year:**

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes / No) | Location of the Project | | Project duration | Amount allocated for the Project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR account for the project as per Section135(6) (in ₹) | Mode of Impleme-ntation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | | | | Name | CSR Registration number |
| | No ongoing project was approved during the financial year 2020 - 2021 | | | | | | | | | | | |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes / No) | Location of the Project | | Amount spent for the project (in ₹) | Mode of Impleme-ntation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Education / Technical & Soft Skill Development for students in the rural areas | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes Education / Technical & Soft Skill Development for students in the rural areas | Rural areas of Andhra Pradesh, Delhi NCR, Kerala, Maharashtra, Tamil Nadu and Telangana | - | ₹ 20.09 Lakhs | Yes | ICT Academy, ELCOT Complex, 2-7, Developed Plots, Industrial Estate, Perungudi, Chennai - 600 096, Tamil Nadu, India | CSR00009157 |
| **Total** | | | | | | **₹ 20.09 Lakhs** | | | |

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 20.09 Lakhs

(g) Excess amount for set off, if any

| Sl. No. | Particulars | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | Rs. 20.09 Lakhs |
| (ii) | Total amount spent for the Financial Year | Rs. 20.09 Lakhs |
| (iii) | Excess amount spent for the financial year[(ii)-(i)] | 0 |
| (iv) | Surplus arising out of the CSR projects or programs oractivities of the previous financial years, if any | 0 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0 |

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Accountunder section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Nameof the Fund | Amount (in ₹) | Date of transfer | |
| | NA | | | | | | |

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:**

| Sl. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the Project Completed /Ongoing |
|---|---|---|---|---|---|---|---|---|
| | No ongoing project was undertaken during last three financial year | | | | | | | |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s) : NA

(b) Amount of CSR spent for creation or acquisition of capital asset : NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

Name of the Trust : NA

Section 12AA Registration No. : NA

Section 80G Registration No. : NA

Address of the Trust : NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Capital asset(s) created : NA

Address where capital assets located : NA

**11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5)**

2% has been spent during the financial year 2020 - 2021.

**Place: Chennai**
**Date: 9th August, 2021**

**Malcolm F. Mehta**
**Chairman & Chief Executive Officer**
**Chairman of CSR Committee**

CORPORATE GOVERNANCE REPORT

**1. Company's Philosophy on Corporate Governance.**

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements but is a combination of practices and compliance with laws and regulations leading to effective control and management of the Organization. The Company's inherent core values has a superior level of business ethics, effective supervision and enhancement of shareholder value. We consider stakeholders as our partners in our success and remain committed to maximizing stakeholder's value. Good Corporate Governance leads to long term stakeholder's value. The Company strives to be a customer-first and quality-obsessed corporate entity. Corporate Governance rests upon transparent accounting policies, timely disclosures, constant monitoring and an independent board.

Your company is committed to the adoption of and adherence to the best Corporate Governance practices at all times. Good Governance practices stem from the dynamic culture and positive mind set of the organization.

A Report on Compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

**GOVERNANCE STRUCTURE**

The company's governance structure comprises of the Board of Directors and the Committees of the Board at the apex level and the Executive Management at the operational level. The Board sets out the overall corporate objectives and provides direction and independence to the Management to achieve these corporate objectives within a given framework.

**Board of Directors -** The Board of Directors and its Committees play a fundamental role in upholding and nurturing the principles of good governance which translates into ethical business practices, transparency and accountability in the Company's dealing with its members and other stakeholders and the utilization of resources for creating sustainable growth and thereby creation of shareholder value.

**Committee of Directors -** Recognizing the immense contribution that committees make in assisting the Board of Directors in discharging its duties and responsibilities and with a view to have a close focus on various facets of the business, the Board has constituted the following committees:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee

which are mandatory Committees.

**1.1 Key Activities of the Board during the year.**

The Board critically evaluates and provides strategic direction to the company, management policies and their effectiveness. The Board's mandate is to oversee the company's strategic direction, review and monitor performance, ensure regulatory compliance and safeguard shareholders interest. Their main function is to ensure that long term interests of the stakeholders are being served. The agenda for Board reviews / include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operation plans and capital allocation and budgets. In addition, the Board reviews the business plans of all the Business Divisions of the Company. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for future growth of the Company. Voluntary Corporate Governance Guidelines of the Ministry of Corporate Affairs, Government of India broadly outline a framework for corporate sector on important parameters like appointment of directors, guiding principles to remunerate directors, responsibilities of the board, risk management, the enhanced role of Audit Committee and conduct of Secretarial Audit.

**1.2 Role of the Company Secretary in Overall Governance Process.**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors for effective decision making at the meeting. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the company and regulatory authorities. All the Directors of the Company have access to the services of the Company Secretary. The Company Secretary ensures that all the decisions and observations of the Board are covered and implemented through Action Taken Report (ATR) and Board is appraised of the actions taken.

**1.3 Selection and appointment of new Directors on the Board.**

The requirements of the skill-sets on the Board and the broad guidelines are issued by the Company. Eminent persons having an independent standing in their respective field / profession and who can effectively contribute to the company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment of new directors on the Board. The number of directorships, memberships and chairmanships in various committees of other companies by such persons is also considered.

**1.4 Selection criteria of Board Members.**

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual member. Board members are expected to possess expertise, leadership skills required to manage and guide a high growth. The members are not related to any Executive or Independent Director. Based on the disclosures received from all the independent directors and also in the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013 and the listing regulations and are independent of the management.

**1.5 Familiarization Program of Independent Directors.**

The Familiarization Program for Independent Directors of the Company was being conducted on completion of Board Meetings and the details of such familiarization program are disseminated on the website of the Company www.inspirisys.com.

Presentations/briefings were also made at the meeting of the Board of Directors/Committees by the Company's KMP's/ Senior Executives on Company's financial, sales and operational performance, industrial relations prevailing during the period, marketing strategies, etc.

**1.6 Prevention of Insider Trading.**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, a Securities Dealing Code "Company's Code of Conduct to regulate, monitor and report trading by designated persons" and "Company's Code of Practices and Procedures for Fair Disclosure of unpublished price sensitive information" for Prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this code, the Designated Persons and their immediate relatives of the company are prevented from dealing in the company's shares during the closure of Trading Window.

To deal in securities beyond specified limit, permission of Compliance Officer is also required. All Designated Persons and their immediate relatives who buy or sell any number of shares of the company does not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. The aforesaid code is available at the website of the company www.inspirisys.com.

**1.7 Vigil Mechanism.**

The Company has formulated a Whistle Blower Policy of Vigil Mechanism and has established a mechanism for the Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Code of Conduct or Ethics Policy. The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behaviour. All suspected violations and reportable matters are reported to the Chairperson of the Audit Committee directly. The company affirms that no personnel has been denied access to the Audit Committee. Further details are available in the Whistle Blower Policy / Vigil Mechanism of the company posted in Company's Website www.inspirisys.com.

**2. Board of Directors.**

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. Directors are provided with well-structured and comprehensive agenda papers in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion in the meeting. During the year, information as per SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 has been placed before the Board for its consideration from time to time as and when required. Minutes of the Board Meetings / Committee Meetings are circulated to the Directors well in advance and confirmed at the subsequent meetings.

**2.1 Composition of Board.**

The Board has an optimum combination of Executive, Non - Executive and Independent Directors, which ensure proper governance and management.

The Board of the company consist of an Executive Director, one Non - Executive Director and four Independent Directors including one Woman Director. The Company has an appropriate size of the Board for real strategic discussion and avails benefit of diverse experience and viewpoints.

All directors are individuals of integrity and courage, with relevant skills and experience to bring judgment to bear on the business of the Company.

**2.2 Non-Executive Independent Directors compensation and disclosures.**

The Non-Executive Independent Directors are paid sitting fees within the limits prescribed under Section 197 of the Act and the rules made thereon. The Non-Executive Independent Directors did not have any material pecuniary relationship or transactions with the Company except the payment of sitting fees to them during the year 2020-2021.

Independent Directors are not serving as Independent Directors in more than seven listed companies. None of Directors of the Company hold the position as Whole Time Director / Managing Director in Company itself nor serve as Independent Director in more than three listed companies.

**2.3 Other provisions as to Board and Committees.**

The Board comprises of Mr. Malcolm F. Mehta as Chairman and Chief Executive Officer, Mr. Koji Iketani as Non-Executive & Non-Independent Director and Mrs. Ruchi Naithani, Mr. Raj Khalid, Mr. Rajesh R. Muni and Mr. M S Jagan as Independent & Non - Executive Directors.

Four (4) meetings of the Board of Directors were held on 11th June, 2020, 10th August, 2020, 9th November, 2020 and 8th February, 2021.

None of the Directors on the Board are Members of more than 10 Committees or Chairperson of more than 5 Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2021 have been made by the Directors as per Regulation 26 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting held on 16th September, 2020 with particulars of their Directorships, Chairmanship and Membership of Board Committees of the companies showing the position as on 31st March, 2021 are given below:

| Names of the Director | Category as at 31.03.2021 | No. of Board Meetings attended out of 4 meetings held as on 31.03.2021 | Attendance at the last AGM held on 16.09.2020 | No. of Directorship held in Indian Public Limited Companies [excluding Inspirisys Solutions Limited] | Committee/s position as on 31.03.2021 [All companies excluding Inspirisys Solutions Limited] | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|
| | | | | | Member | Chairman | |
| Mr. Malcolm F. Mehta | Chairman and Chief Executive Officer | 4 | Yes | 1 | 0 | 0 | - |
| Mrs. Ruchi Naithani | Non-Executive Independent | 4 | Yes | 0 | 0 | 0 | - |
| Mr. Raj Khalid | Non-Executive Independent | 4 | Yes | 0 | 0 | 0 | - |
| Mr. Rajesh R. Muni | Non-Executive Independent | 4 | Yes | 1 | 1 | 1 | I G Petrochemicals Limited (Non-Executive, Independent) |
| Mr. Koji Iketani | Non-Executive Non Independent | 4 | Yes | 0 | 0 | 0 | - |
| Mr. M S Jagan | Non-Executive Independent | 3 | Yes | 1 | 1 | 1 | - |

Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Section 8 of Companies Act, 2013 and Foreign Companies.

Chairmanships / Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committee of Public Limited Companies.

The Company has received declarations of independence as prescribed under Section 149(6) & (7) of the Companies Act, 2013 from Independent Directors. All requisite declarations have been placed before the Board.

No Director of the Company is related to any other Director of the Company.

**2.4 List of core skills, expertise and competencies identified by the Board.**

The Board of Directors have identified the following core skills, expertise and competencies in the context of the Company's business and sector for it to function effectively which are given below:

The Board of Directors shall possess hands on expertise on technical, academic skills, general management, global business, technology, manufacturing / operations, risk management etc. The Board of Directors shall understand company's structure, policies, and culture including the mission, vision, values, goals, current strategic plan and governance structure and also in which the Company operates including the industrial trends, challenges and opportunities, unique dynamics within the sector that are relevant to the success of the Company.

The Directors shall have ability to understand and analyse financial reports / key financial statements to review and analyze budgets, annual operating plans considering Company's resources, strategic goals, and priorities, analyze

**In the table below, the specific areas of focus or expertise of individual Board members have been highlighted:**

| Director | Technical | Academic skills | General Management | Global business, technology, manufacturing / operations, risk management |
|---|---|---|---|---|
| Mr. Malcolm F. Mehta, Chairman & Chief Executive Officer | ✓ | ✓ | ✓ | ✓ |
| Mr. Koji Iketani, Non-Executive Director | ✓ | ✓ | ✓ | ✓ |
| Mrs. Ruchi Naithani, Independent Director | ✓ | ✓ | ✓ | ✓ |
| Mr. Raj Khalid, Independent Director | ✓ | ✓ | ✓ | ✓ |
| Mr. Rajesh R. Muni, Independent Director | ✓ | ✓ | ✓ | ✓ |
| Mr. M S Jagan, Independent Director | ✓ | ✓ | ✓ | ✓ |

various reports, create and incorporate multiple view points with different perspectives. Ability to identify key risks to the organisation in a wide range of areas including sales, marketing, legal and regulatory compliance management and systems.

Considering the skills, expertise and competencies required for effective functioning and discharge of Board's duties, your Board is satisfied with the present composition of the Board of Directors. In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and are independent of the management.

**2.5 Code of Conduct**

(i) The Board of Directors has laid down Code of Conduct for Board of Directors and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company www.inspirisys.com.

(ii) The Members of the Board and Senior Management Personnel have affirmed the compliance with the Code applicable to them during the year ended on 31st March, 2021. The Annual Report of the Company contains a Certificate signed by the Chairman and Chief Executive Officer in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the compliance declarations received from Directors and Senior Management.

**2.6 Board's Functioning & Procedure.**

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs longterm sustainable growth that translates itself into progress, prosperity and the fulfilment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behaviour at all times and strict compliance with laws and regulations.

The Agenda placed at the Meetings of the Board include the following:

- Report on operations of the company;
- Annual Operating Plans and budgets;
- Opportunities for organic and inorganic growth;
- Business Plans and analysis of variances periodically as compared to the plans;
- The quarterly/half yearly financial results and the annual accounts of the company, both consolidated and on standalone for consideration and approval;
- Minutes of the meetings of audit committee and other committees;
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement;
- Delegation of powers to the operational management;
- Review of compliance reports pertaining to all laws applicable to the company, as well as steps taken by the company to rectify instances of non-compliances;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;
- Sale of investments, subsidiary, assets which are material in nature and not in normal course of business;
- Information on senior appointments below the board level including the appointment/removal of the Chief Financial Officer (CFO) and the Company Secretary (CS);
- Proposals for joint ventures/collaborations;
- Non-compliance of any regulatory, statutory or listing requirements.
- Material communication from government including show cause notices, demand, prosecution, notices and penalty notices, if any, which are materially important;
- Communication to Stock Exchanges and the shareholders regarding company's performance, future plans and other decision/changes of significant importance or of price sensitive nature;
- Various Quarterly / Half Yearly Stock Exchange compliance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the items on the Agenda are accompanied by notes giving information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The Minutes of the meetings of the Board are circulated to all Directors and confirmed at the subsequent Board Meeting.

**2.7 Details of Board Meetings held upto 31.03.2021 and the number of Directors present are given below:**

| Sr. No. | Dates on which the Board Meetings were held | Total strength of the Board | No. of Directors Present |
|---|---|---|---|
| 1. | 11th June, 2020 | 6 | 6 |
| 2. | 10th August, 2020 | 6 | 6 |
| 3. | 9th November, 2020 | 6 | 5 |
| 4. | 8th February, 2021 | 6 | 6 |

**3. Board Committees.**

**3.1 Audit Committee.**

**(A) Qualified and Independent Audit Committee.**

The Company complies with Section 177 of the Companies Act, 2013 as well as requirements under the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 pertaining to the Audit Committee. Its functioning is as under:

(i) The Audit Committee presently consists of the five non-executive directors, out of which four are independent directors;

(ii) All members of the Committee are financially literate and having the requisite financial management expertise;

(iii) The Chairman of the Audit Committee is an Independent Director;

(iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on 16th September, 2020.

**(B) Terms of reference.**

The terms of reference of the Audit Committee include inter-alia:

- Oversight of Company's Financial reporting process and the disclosure of its financial information;
- Recommendation of appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing with the Management, the annual financial statements and Auditors' report thereon;
- Matters to be included in the Directors' Responsibility statement to be included in the Boards' Report;
- Changes, if any, in the accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and legal requirements relating to financial statements;
- Approval or subsequent modification of transactions of the company with related parties;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutiny of Inter Corporate Loans and investments;
- Evaluation of Internal financial controls and risk management systems;
- Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern;
- To review the functioning of whistle blower mechanism;
- To review compliance with provisions of the SEBI (PIT) Regulations and to verify that the systems for internal control are adequate and are operating effectively, at least once in a financial year;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary.

**(C) Composition, Names of Members and Chairperson, its meetings and attendance:**

| | |
|---|---|
| Mr. Rajesh R. Muni | Chairman |
| Mrs.Ruchi Naithani | Member |
| Mr. Raj Khalid | Member |
| Mr. Koji Iketani | Member |
| Mr. M S Jagan | Member |

During the year, 4 (four) Audit Committee meetings were held on 11th June, 2020, 10th August, 2020, 9th November, 2020 and 8th February, 2021.

The composition of the Audit Committee and number of meetings attended by the Members during the year are given below:

| Name of Member | Category | Meetings held | Meetings attended |
|---|---|---|---|
| Mr. Rajesh R. Muni | Independent | 4 | 4 |
| Mrs. Ruchi Naithani | Independent | 4 | 4 |
| Mr. Raj Khalid | Independent | 4 | 4 |
| Mr. Koji Iketani | Non-Executive, Non-Independent | 4 | 4 |
| Mr. M S Jagan | Member | 4 | 2 |

The Committee meetings are attended by invitation by the Chief Executive Officer, Chief Financial Officer, representatives of the Statutory Auditors and the Internal Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

**3.2 Nomination and Remuneration Committee.**

**(A) Constitution.**

The Nomination and Remuneration Committee comprises of:

| | |
|---|---|
| Mrs. Ruchi Naithani | Chairperson |
| Mr. Raj Khalid | Member |
| Mr. Rajesh R. Muni | Member |

**(B) Terms of reference**

Terms of reference of the Nomination and Remuneration Committee include:

- To identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the board their appointment and removal;
- Formulation of criteria for determining the qualifications, positive attributes and independence of the director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and Board of Directors;
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- To recommend the board, all remuneration, in whatever form, payable to senior management.

**(C) Meetings and attendance during the year:**

During the year 1 (one) meeting of Nomination and Remuneration Committee was held on 10th June, 2020.

The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

| Name of Member | Category | Meetings held | Meetings attended |
|---|---|---|---|
| Mrs. Ruchi Naithani | Independent | 1 | 1 |
| Mr. Raj Khalid | Independent | 1 | 1 |
| Mr. Rajesh R. Muni | Independent | 1 | 1 |

**(D) Nomination and Remuneration policy.**

The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Nomination and Remuneration Policy approved by the Board of Directors is posted on the website of the Company www.inspirisys.com.

**(E) Performance evaluation of Independent Directors.**

The Nomination and Remuneration Committee evaluates the performance of Independent Directors and recommends Commission, if any, payable to them based on Board structure, their commitment towards attending the meetings of the Board / Committees, contribution, Board culture and dynamics, Internal controls, governance, their attention to the affairs of the Company and their overall performance apart from sitting fees paid for each board and committee meetings attended by them.

**(F) Remuneration to Chairman and Chief Executive Officer.**

(a) Mr. Malcolm F. Mehta, is the Chairman and Chief Executive Officer of the Company. The salary, benefits and perquisites paid to Mr. Malcolm F. Mehta were ₹ 372.51 lakhs, of which ₹ 263.68 lakhs was reimbursed by M/s. CAC Holdings Corporation, Japan. The remuneration amounting to ₹ 108.83 lakhs paid for the period from October 1, 2020 to March 31, 2021 has been charged to the P&L of the Company. This is as per the approval of shareholders in the AGM held on 16th September, 2020.

**(G) Remuneration to Non-Executive Directors.**

(a) The Non-Executive Directors are entitled to sitting fee for attending the Board/Committee Meetings as detailed below.

| Particulars | Sitting Fees per Meeting upto Feb 2021 | Sitting Fees per meeting from May 2021 |
|---|---|---|
| Board Meeting | ₹ 60,000/- | ₹ 75,000/- |
| Audit Committee | ₹ 20,000/- | ₹ 25,000/- |
| Nomination and Remuneration Committee | ₹ 20,000/- | ₹ 25,000/- |
| Stakeholders' Relationship Committee | ₹ 20,000/- | ₹ 25,000/- |
| Independent Directors Committee | ₹ 20,000/- | ₹ 25,000/- |
| Corporate Social Responsibility Committee | ₹ 20,000/- | ₹ 25,000/- |

The Board considered the performance of the Non-Executive Directors based on their attendance and contribution at the Board and Committee meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Payment of Sitting Fees to the Non-Executive Directors for the year ended 31st March, 2021 are as under: **(₹ In Lakhs)**

| Names of Director | Sitting Fee | Commission | Total |
|---|---|---|---|
| Mrs. Ruchi Naithani | 4.80 | Nil | 4.80 |
| Mr. Raj Khalid | 4.40 | Nil | 4.40 |
| Mr. Rajesh R. Muni | 4.80 | Nil | 4.80 |
| Mr. M S Jagan | 2.40 | Nil | 2.40 |

**Notes:**

(i) The Non-Executive Directors have disclosed that they do not hold any shares in the Company.

(ii) There has been no pecuniary relationship or transactions other than above of the Non-Executive Directors vis-à-vis the Company during the year under review.

**3.3 Stakeholders Relationship Committee.**

**(A) Composition, Members, its meetings and attendance.**

Stakeholders Relationship Committee comprises of:

| | |
|---|---|
| Mr. Raj Khalid | Chairman |
| Mr. Rajesh R. Muni | Member |
| Mrs. Ruchi Naithani | Member |

The Committee is set to consider and resolve the grievances of the shareholders. The Committee also recommends measures for overall improvement of the quality of Investor services.

During the year, 4 (four) meetings of the Stakeholders Relationship Committee were held on 10th June, 2020, 10th August, 2020, 9th November, 2020 and 5th February, 2021.

The composition of the Stakeholders Relationship Committee and number of meetings attended by the Members during the year are given below:

| Name of Member | Category | Meetings held | Meetings attended |
|---|---|---|---|
| Mr. Raj Khalid | Independent | 4 | 4 |
| Mr. Rajesh R. Muni | Independent | 4 | 4 |
| Mrs. Ruchi Naithani | Independent | 4 | 4 |

**3.4 Corporate Social Responsibility Committee.**

**(A) Composition, Members, its meetings and attendance.**

Corporate Social Responsibility Committee comprises of:

| | |
|---|---|
| Mr. Malcolm F. Mehta | Chairman |
| Mrs. Ruchi Naithani | Member |
| Mr. Rajesh R. Muni | Member |

The Committee is set to :

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

During the year, 2 (two) meeting of the Corporate Social Responsibility Committee was held on 10th June, 2020 and 5th February, 2021.

The composition of the Corporate Social Responsibility Committee and number of meetings attended by the Members during the year are given below:

| Name of Member | Category | Meetings held | Meetings attended |
|---|---|---|---|
| Mr. Malcolm F. Mehta | Executive & Non-Independent | 2 | 2 |
| Mrs. Ruchi Naithani | Independent | 2 | 2 |
| Mr. Rajesh R. Muni | Independent | 2 | 2 |

**3.5 Annual Performance Evaluation.**

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination & Remuneration, Stakeholders Relationship and Corporate Social Responsibility Committee respectively. The inputs received from directors covering various aspects of the Board functioning such as adequacy of the composition of the board and its committees, governance, internal controls and financial reporting was considered.

To evaluate the performance of the individual directors, the Board considered the criteria of attendance and level of participation, independence of judgment exercised by independent directors, independent relationship etc.

**3.6 Separate Meeting of Independent Directors.**

During the year under review, the Independent Directors met on 1st March, 2021 inter alia to:

➢ Review the Performance of Non-Independent Directors and the Board of Directors as a whole;

➢ Review the Performance of the Chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors;

➢ Assess the quality, quantity and time lines of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting without the presence of Non-Independent Directors and members of the Management.

**3.7 Name and Designation of the Compliance Officer.**

Mr. S. Sundaramurthy, Company Secretary been designated as Compliance Officer of the Company in line with the requirementof SEBI Listing Regulations and can be contacted at:

**Inspirisys Solutions Limited**
First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India.
Tel: 044 - 4225 2071
Email: sundaramurthy.s@inspirisys.com

**3.8 Complaints received and redressed during the year 2020-2021.**

| Opening Balance | Received during the year 2020-2021 | Resolved during the year 2020-2021 | Closing Balance |
|---|---|---|---|
| 0 | 2 | 2 | 0 |

**3.9 Suspense Account for the unclaimed shares.**

There is no Suspense Account for unclaimed shares during the year.

**3.10 Transfer of Unclaimed Dividend to IEPF.**

There is no unclaimed dividend to be transferred to IEPF.

**3.11 Unclaimed Dividend.**

Year - wise list of the shareholders who have not claimed their dividend is posted at website of MCA as well as website of the Company www.inspirisys.com in line with MCA Circular.

**4. Subsidiary Company.**

(i) The Company has One Indian Subsidiary Company.

(ii) The Financial Statements of the unlisted foreign subsidiary companies are being placed before the Board.

**5. Disclosures.**

**(A) Basis of related party transactions.**

(i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.

(ii) There are no related party transactions that may have potential conflict with the interest of the Company at large.

(iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

(iv) The Board has approved a policy for related party transactions which has been uploaded on the Company's website www.inspirisys.com.

**(B) Disclosure of Accounting Treatment.**

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 01st April, 2017. Accordingly, the financial statements from the year 2017-18 onwards have been prepared in compliance with the said Rules.

**(C) Board Disclosures - Risk Management.**

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Board of Directors review these procedures periodically.

**(D) Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

**(E) Secretarial Audit Report.**

The Company has obtained Secretarial Audit Report from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013. A text of the Annual Secretarial Audit Report is annexed else where.

**(F) Management Discussion and Analysis Report.**

The Management Discussion and Analysis Report have been included separately in the Annual Report to the Shareholders.

**(G) Shareholders.**

(i) The financial results are put on the Company's website www.inspirisys.com under the Investors Section.

(ii) The Company has also sent Annual Reports through email to those shareholders who have registered their email ids with Depositary Participant.

(iii) Mr. Malcolm F. Mehta, (DIN: 03277490) is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**6. Compliance on Corporate Governance.**

The quarterly Compliance Report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

**7. Mandatory and Non-Mandatory requirements.**

The Company has complied with all the applicable mandatory requirements as provided in SEBI (LODR) Regulations, 2015.

The status on the compliance with the non-mandatory recommendation as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015 is as under:

(i) **The Board**

The requirement regarding the Non-Executive Chairman is not applicable.

(ii) **Shareholder Rights**

The Company's financial results are published in the Newspaper as per the Listing Requirements and also posted in the Company's website www.inspirisys.com along with other important events.

(iii) **Modified opinion(s) in audit report**

There are modified opinion in audit report of the Company for the year 2020 - 2021.

(iv) **Separate posts of Chairperson and Chief Executive Officer**

The Company may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.

(v) **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

**8. General body meetings.**

**(A) Location and time of Annual General Meetings held in the last 3 years:**

| Year | Date | Venue of Meeting | Time | Whether any Special Resolution passed in previous AGM |
|---|---|---|---|---|
| 2018 | 19/09/2018 | "The Music Academy Mini Hall", TTK Road, Alwarpet, Chennai - 600 014. | 10:30 A.M. | Yes(*) |
| 2019 | 17/09/2019 | "The Music Academy Mini Hall", TTK Road, Alwarpet, Chennai - 600 014. | 11:00 A.M. | Yes(*) |
| 2020 | 16/09/2020 | Through Video Conferencing (VC) / Other Audi Visual Means (OAVM), from the Registered Office i.e. First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010. | 03:00 P.M. | Yes(*) |

**(*) Special Resolution passed in the previous AGM**

| Year | Purpose |
|---|---|
| 2018 | ➢ To adopt new Articles of Association of the Company. |
| 2019 | ➢ Re-appointment of Mrs. Ruchi Naithani as an Independent Women Director.<br>➢ Re-appointment of Mr. Raj Khalid as an Independent Director |
| 2020 | ➢ Re-Appointment of Whole-Time Director Mr. Malcolm F. Mehta, Chairman and Chief Executive Officer (Key Managerial Personnel) |

**(B) Special Resolution passed at Extra Ordinary General Meeting:**

| EGM date and venue | Purpose |
|---|---|
| An Extra Ordinary General Meeting of the share holders of the Company was held on 22nd March, 2019 at 01.30. P.M. at The Music Academy Mini Hall, TTK Road, Alwarpet, Chennai - 600 014 for the approval of shareholders. | ➢ To approve the issue of equity shares on Preferential Allotment basis. |

**(C) Special Resolution passed through Postal Ballot:** Nil

**(D) Means of Communication.**

The Company's website is a comprehensive reference on Inspirisys management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on investors serves to inform the shareholders, by giving complete financial details, shareholding pattern, information relating to stock exchanges, list of shareholders who have not claimed their dividends to comply with MCA Guidelines. The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, annual report and the company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

| | |
|---|---|
| Quarterly results in which newspaper normally published | Financial Express and Makkal Kural |
| Any website where displayed | Yes. It is published in the Company's website www.inspirisys.com under Investors Section |

**General Shareholder Information**

**(i) Annual General Meeting:**

| | |
|---|---|
| Date | Friday, 24th September, 2021 |
| Time | 2.00 PM |
| Mode | The Annual General Meeting will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The Registered office i.e. First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010, Tamil Nadu shall be deemed to be venue of the meeting. |

**(ii) Financial Year : April to March**

Financial Calendar (Tentative)

| | |
|---|---|
| Results for quarter ending 30th June, 2021 | Mid August, 2021 |
| Results for quarter ending 30th September, 2021 | Mid November, 2021 |
| Results for quarter ending 31st December, 2021 | Mid February, 2022 |
| Results for year ending 31st March, 2022 | End May, 2022 |

**(iii) Book Closure**

| | |
|---|---|
| Date of Book Closure | Saturday, 18th September, 2021 to Friday, 24th September 2021 (both days inclusive) |

**(iv) Listing on Stock Exchanges and Stock Code / Symbol**

| Name of Stock Exchanges | Stock Code / Symbol |
|---|---|
| The National Stock Exchange of India Limited. Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. | INSPIRISYS |
| The BSE Limited. Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001. | 532774 |
| ISIN Number - INE020G01017 | |

The Annual Listing fees for the year 2021-2022 have been paid to the concerned Stock Exchanges.

**(v) Market price information**

**a. The reported high and low price during each month in last financial year on National Stock Exchange and BSE, are given below:**

| Month | N S E | | B S E | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2020 | 23.50 | 17.65 | 22.50 | 17.00 |
| May 2020 | 23.80 | 18.35 | 23.75 | 19.00 |
| June 2020 | 29.50 | 20.25 | 28.70 | 20.30 |
| July 2020 | 37.45 | 21.10 | 37.60 | 21.05 |
| August 2020 | 36.30 | 25.10 | 36.00 | 25.00 |
| September 2020 | 32.60 | 27.60 | 31.85 | 27.70 |
| October 2020 | 29.40 | 25.60 | 30.00 | 26.00 |
| November 2020 | 30.45 | 25.80 | 30.30 | 25.65 |
| December 2020 | 37.00 | 28.30 | 35.85 | 28.35 |
| January 2021 | 40.85 | 31.55 | 41.10 | 31.75 |
| February 2021 | 41.10 | 33.55 | 40.75 | 32.50 |
| March 2021 | 49.40 | 36.10 | 48.90 | 36.25 |

**b. Performance in comparison to broad-based indices such as BSE Sensex and Nifty 100.**

**(i) Company's share price on BSE vis-à-vis BSE Sensex April - March 2021.**

| Month | BSE Sensex Close | High (₹) | Low (₹) | Close (₹) | No. of shares traded during the month | Turnover (Lakhs) |
|---|---|---|---|---|---|---|
| April 2020 | 33717.62 | 22.50 | 17.00 | 22.00 | 24,228 | 4.84 |
| May 2020 | 32424.10 | 23.75 | 19.00 | 20.95 | 18,253 | 3.77 |
| June 2020 | 34915.80 | 28.70 | 20.30 | 22.95 | 46,302 | 11.26 |
| July 2020 | 37606.89 | 37.60 | 21.05 | 25.20 | 3,28,273 | 102.33 |
| August 2020 | 38628.29 | 36.00 | 25.00 | 31.95 | 1,26,978 | 38.05 |
| September 2020 | 38067.93 | 31.85 | 27.70 | 28.85 | 18,012 | 5.40 |
| October 2020 | 39614.07 | 30.00 | 26.00 | 26.45 | 21,897 | 6.06 |
| November 2020 | 44149.72 | 30.30 | 25.65 | 29.10 | 26,649 | 7.35 |
| December 2020 | 47751.33 | 35.85 | 28.35 | 34.75 | 82,302 | 26.90 |
| January 2021 | 46285.77 | 41.10 | 31.75 | 35.50 | 1,72,804 | 64.85 |
| February 2021 | 49099.99 | 40.75 | 32.50 | 36.60 | 74,725 | 27.21 |
| March 2021 | 49509.15 | 48.90 | 36.25 | 44.00 | 1,09,900 | 48.66 |

**(ii) Company's share price on NSE vis-à-vis Nifty 100 Close price April - March 2021.**

| Month | Nifty 100 Close | High (₹) | Low (₹) | Close (₹) | No. of shares traded during the month | Turnover (Lakhs) |
|---|---|---|---|---|---|---|
| April 2020 | 10006.90 | 23.50 | 17.65 | 21.35 | 1,22,383 | 23.89 |
| May 2020 | 9759.45 | 23.80 | 18.35 | 20.70 | 76,201 | 15.58 |
| June 2020 | 10486.90 | 29.50 | 20.25 | 23.20 | 3,26,674 | 80.16 |
| July 2020 | 11222.95 | 37.45 | 21.10 | 25.05 | 9,59,372 | 305.62 |
| August 2020 | 11496.05 | 36.30 | 25.10 | 31.15 | 5,82,923 | 178.24 |
| September 2020 | 11385.20 | 32.60 | 27.60 | 29.50 | 1,25,037 | 37.25 |
| October 2020 | 11748.95 | 29.40 | 25.60 | 26.85 | 75,930 | 20.82 |
| November 2020 | 13080.30 | 30.45 | 25.80 | 29.40 | 1,56,488 | 43.67 |
| December 2020 | 14090.75 | 37.00 | 28.30 | 35.20 | 7,27,683 | 239.72 |
| January 2021 | 13743.30 | 40.85 | 31.55 | 35.65 | 8,45,276 | 313.46 |
| February 2021 | 14667.60 | 41.10 | 33.55 | 36.80 | 3,17,070 | 117.13 |
| March 2021 | 14807.45 | 49.40 | 36.10 | 44.75 | 6,01,816 | 262.36 |

**(vi) Registrars and Share Transfer Agents.**

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents:

**M/s. Link Intime India Private Limited**
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083.
Tel: 022-49186270
Fax: 022-49186060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

**(vii) Shareholding as on 31st March, 2021**

**(a) Distribution of shareholding as on 31st March, 2021**

| Shares - Range | | Number of Share holders | % of Total Share holders | Total Shares for the Range | % of Issued Capital |
|---|---|---|---|---|---|
| From | To | | | | |
| 1 | 500 | 5862 | 82.96 | 665383 | 1.68 |
| 501 | 1,000 | 461 | 6.52 | 392751 | 0.99 |
| 1,001 | 2,000 | 267 | 3.79 | 421080 | 1.06 |
| 2,001 | 3,000 | 159 | 2.25 | 411426 | 1.04 |
| 3,001 | 4,000 | 49 | 0.69 | 177004 | 0.45 |
| 4,001 | 5,000 | 61 | 0.86 | 287773 | 0.73 |
| 5,001 | 10,000 | 116 | 1.64 | 827978 | 2.09 |
| 10,001 and above | | 91 | 1.29 | 36433478 | 91.96 |
| **Total** | | **7066** | **100.00** | **39616873** | **100.00** |

**(b) Shareholding pattern as on 31st March, 2021**

| Category | No. of shares held | % to the total paid up capital |
|---|---|---|
| **Promoters** | | |
| Foreign | 2,77,12,125 | 69.95% |
| **Non Promoters** | | |
| Insurance companies | 29,890 | 0.08% |
| Other Bodies Corporate | 51,09,368 | 12.90% |
| NRIs | 3,42,465 | 0.86% |
| Clearing Member | 24,731 | 0.06% |
| Hindu Undivided Family | 3,64,119 | 0.92% |
| Public | 59,87,536 | 15.11% |
| IEPF | 46,639 | 0.12% |

**Capital of the Company**

| | | |
|---|---|---|
| Authorized Capital | .. | ₹ 50,00,00,000 |
| Paid-up Capital | .. | ₹ 39,61,68,730 |

**(c) Top ten shareholders as on 31st March, 2021**

| Sl. No. | Category | Name of the Shareholder | No. of Shares held | % to the total paid up capital |
|---|---|---|---|---|
| 1 | Promoter | CAC Holdings Corporation | 2,77,12,125 | 69.95% |
| 2 | Non-Promoter | Amicorp Trustees (India) Private Limited | 44,64,279 | 11.26% |
| 3 | Non-Promoter | Praful Mehta | 4,20,250 | 1.06% |
| 4 | Non-Promoter | Kanchan Dungershi Dedhia | 2,98,359 | 0.75% |
| 5 | Non-Promoter | Ashwin Dungershi Dedhia | 2,92,228 | 0.73% |
| 6 | Non-Promoter | Kanta Dungershi Dedhia | 2,32,997 | 0.58% |
| 7 | Non-Promoter | Ravindrakumar Vinaykumar Ruia | 1,58,040 | 0.39% |
| 8 | Non-Promoter | Vejbai Dungershi Dedhia | 1,50,382 | 0.37% |
| 9 | Non-Promoter | Satish Gopalakrishna Pillai | 1,16,202 | 0.29% |
| 10 | Non-Promoter | Smita Divyesh Shah | 1,09,025 | 0.27% |

**Dematerialization of shares and liquidity**

99.90% of the equity shares have been dematerialized as on 31st March, 2021.

In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from 1st April, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions. Therefore, Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into an Agreement with NSDL and CDSL whereby shareholders have the option to dematerialize their shares with either of the depositories. Equity shares are actively traded in NSE and BSE.

**(viii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**(ix) Plant locations**

The Company has a manufacturing unit at Maduravoyal, Chennai.

**(x) Address for correspondence**

The Company Secretary
Inspirisys Solutions Limited
First Floor, Dowlath Towers,
New Door Nos. 57, 59, 61 & 63,
Taylors Road, Kilpauk, Chennai - 600 010,
Tamil Nadu, India.
Tel: 044 - 4225 2071.

**(xi) Reconciliation of Share Capital**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out audit of Reconciliation of Share Capital to reconcile the total admitted, issued and listed capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Stock Exchanges.

**9. Other Disclosures:**

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

None of the transactions with any of the related parties were in conflict with the Company's interest.

(b) Details of non compliance by the listed entity, penalties and strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.

A fine was imposed for non-compliance of the Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to constitution of Audit Committee. Further to the resignation of Mr. Bin Cheng (Non-Executive & Non-Independent Director) w.e.f. 7th November, 2019 and the re-constitution of the Audit Committee, the composition of Audit Committee was in compliance with Regulation 18(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions and also the fine amount was paid to the stock exchanges.

(c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

The Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics policy and provides safeguard against victimization of employees who avail the mechanism. During the year under review, no employee was denied access to the Audit Committee.

(d) Web link where policy for determining 'material' subsidiaries is disclosed.

The policy on Material Subsidiaries is disclosed in the Company's website www.inspirisys.com

(e) Web link where policy on dealing with related party transactions is disclosed;

The Policy on dealing with related party transactions is disclosed in the Company's website www. inspirisys.com

(f) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Nil.

(g) A certificate from a company secretary in practice.

Mr. M.Alagar, Practicing Company Secretary of M/s. M. Alagar & Associates, Practicing Company Secretaries, Chennai, has issued a certificate as required under listing regulations, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. This certificate is annexed hereto

(h) Details of total fees paid to statutory auditors.

The company has paid ₹ 47 lakhs to the statutory auditors for all services received by the company, on a consolidated basis.

(i) Disclosure in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**10. Non-compliance of any requirement of corporate governance report of sub paras (2) to (10) of Para C to Schedule V of the Listing Regulations.**

The Company has complied with the requirements in this regard.

**11. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.**

| Particulars | Regulation Number | Compliance status (Yes/No/NA) | Compliance observed for the following |
|---|---|---|---|
| Board of Directors | 17 | Yes | • Board composition.<br>• Meeting of Board of directors.<br>• Quorum of board meeting<br>• Review of Compliance Reports.<br>• Plans for orderly succession for appointments.<br>• Code of Conduct.<br>• Fees/compensation.<br>• Minimum Information to be placed before the Board.<br>• Compliance Certificate.<br>• Risk Assessment & Management.<br>• Performance Evaluation of Independent Directors.<br>• Recommendation of board<br>• Maximum number of directorship |
| Audit Committee | 18 | Yes | • Composition.<br>• Meeting of Audit Committee.<br>• Powers of Audit Committee.<br>• Role of Audit Committee and review of information by the committee. |
| Nomination & remuneration committee | 19 | Yes | • Composition.<br>• Quorum<br>• Meeting<br>• Role of the committee. |
| Stakeholder Relationship Committee | 20 | Yes | • Composition.<br>• Meeting.<br>• Role of the committee. |
| Risk management Committee | 21 | Not Applicable | • It is applicable only to Top 1000 listed entities and our company is not falling under this criteria. |
| Vigil Mechanism | 22 | Yes | • Formulation of Vigil Mechanism for Directors and employees.<br>• Adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases. |

| Particulars | Regulation Number | Compliance status (Yes/No/NA) | Compliance observed for the following |
|---|---|---|---|
| Related Party Transaction | 23 | Yes | • Policy on materiality of related party transactions and on dealing with related party transaction.<br>• Prior or omnibus approval of Audit Committee for all related party transactions.<br>• Disclosure of related party transactions on consolidated basis. |
| Corporate Governance requirements with respect to subsidiary of listed entity | 24 | Yes | • Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary.<br>• Minutes of the meetings of the board of directors of the unlisted subsidiary is placed at the meeting of the board of directors of the Company. |
| Annual Secretarial Compliance Report | 24(A) | Yes | • Annual Secretarial Compliance Report. |
| Obligations with respect to Independent Directors | 25 | Yes | • Alternate Director to Independent Director.<br>• Maximum Directorship and tenure.<br>• Meeting of Independent Directors.<br>• Familiarization of Independent Directors.<br>• Declaration form Independent Director<br>• Directors and Officers insurance. |
| Obligations with respect to Directors and Senior Management | 26 | Yes | • Memberships/Chairmanships in Committees.<br>• Affirmation with Compliance with code of conduct from Directors and Senior Management.<br>• Disclosure of Shareholding by Non-Executive Directors. |
| Other Corporate Governance requirements | 27 | Yes | • Compliance with Discretionary requirements.<br>• Filing of quarterly compliance report on Corporate Governance. |
| Website | 46(2)(b) to (i) | Yes | • Terms and conditions of appointment of independent directors.<br>• Composition of various committees of board of directors.<br>• Code of conduct of board of directors and senior management personnel.<br>• Details of establishment of Vigil mechanism/ Whistle Blower policy.<br>• Criteria of making payments to non-executive directors.<br>• Policy on dealing with related party transactions.<br>• Policy for determining 'material' subsidiaries.<br>• Details of familiarization programmes imparted to independent directors. |

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**Certificate Under Regulation 17 (8) & Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015**

To
The Board of Directors
**Inspirisys Solutions Limited**
First Floor, Dowlath Towers,
57, 59, 61 & 63, Taylors Road, Kilpauk
Chennai - 600 010.

We certify that we have reviewed the financial statements and the cash flow statement prepared based on Indian Accounting Standards for the year ended 31st March, 2021 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.

(3) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(5) We have indicated to the Auditors and the Audit Committee.

   (a) significant changes, if any, in internal control over financial reporting during the year;

   (b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and

   (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

| | | |
|---|---|---|
| **Place:** Mumbai / Chennai | **Malcolm F. Mehta** | **Murali Gopalakrishnan** |
| **Date:** 10th May, 2021 | Chairman & Chief Executive Officer | Chief Financial Officer |

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**Declaration signed by the Chairman & Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management.**

As provided under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members & Senior Management Personnel have affirmed compliance with Inspirisys Solutions Limited's Code of Conduct for the year ended 31st March, 2021.

| | |
|---|---|
| **Place:** Mumbai | **Malcolm F. Mehta** |
| **Date:** 10th May, 2021 | Chairman & Chief Executive Officer |

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
**Inspirisys Solutions Limited**
1st Floor, Dowlath Towers,
New Door Nos. 57, 59, 61 & 63,
Taylors Road, Kilpauk, Chennai - 600 010.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Inspirisys Solutions Limited** having CIN L30006TN1995PLC031736 and having registered office at 1st Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63 Taylors Road, Kilpauk, Chennai - 600 010 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of the information received and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S.No | DIN/PAN | Name | Original Date of Appointment |
|---|---|---|---|
| 1. | 00169691 | Raj Khalid | 05/12/2014 |
| 2. | 00193527 | Rajesh Ramniklal Muni | 06/05/2017 |
| 3. | 00531608 | Ruchi Naithani | 11/09/2014 |
| 4. | 02002827 | Murari Swamimalai Jagan | 07/02/2020 |
| 5. | 03277490 | Malcolm Farrokh Mehta | 07/05/2014 |
| 6. | 08486128 | Koji Iketani | 19/06/2019 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M. Alagar & Associates**

**M. Alagar**
**Managing Partner**
**Practising Company Secretary**
**FCS No: 7488 / C P No.: 8196**
**UDIN: F007488C000601686**

**Place: Chennai**
**Date: 09th July, 2021**

## Independent Auditor's Certificate on Corporate Governance

**To the Members of Inspirisys Solutions Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 09 October 2020.
2. We have examined the compliance of conditions of corporate governance by Inspirisys Solutions Limited ('the Company') for the year ended on 31 March 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**Management's Responsibility**

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2021.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restriction on use**

9. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 21206931AAAABK7846

**Place: Chennai**

**Date: 10th May 2021**

**Independent Auditor's Report**

**To the Members of Inspirisys Solutions Limited**

**Report on the Audit of the Standalone Financial Statements**

**Qualified Opinion**

1. We have audited the accompanying standalone financial statements of Inspirisys Solutions Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branch located at Singapore.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the branch auditors as referred to in paragraph 16 below, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

3. As detailed in Note 7(c) to standalone financial statements, the Company has reported an amount of ₹ 3,200 Lakhs as trade receivables from its wholly owned subsidiary, lnspirisys Solutions North America, Inc., USA as at 31 March 2021 which are significantly over-due. Further, due to non-realization of aforesaid trade receivables within the prescribed time limit in accordance with sub rule 1 of 96A of CGST rules, the Company is liable to pay Goods and Service Tax (GST) liability along with interest and penalty on such export sales. The management is confident of recovering the aforesaid receivables from the subsidiary based on the business plans as detailed out in the management note and accordingly, no expected credit loss provision has been made against such long outstanding receivables under Ind AS 109, Financial Instruments and no provision is recognized towards aforesaid GST liability including interest and penalty. However, in the absence of sufficient appropriate audit evidence regarding the timing and extent of cash flows that will be available with the subsidiary to settle these dues, we are unable to comment upon the recoverability of the carrying value of the said trade receivables as at 31 March 2021 and impact on Goods and Service Tax liability, including penalty and interest that may be levied, and the consequential impact thereof, if any, on the accompanying Statement.

4. We conducted our audit in accordance with the Standards on Auditing 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the branch auditors, in terms of their reports referred to in paragraph 16 of the Other Matter section below is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the branch auditors as referred to paragraph 16 below, were of most significance in our audit of the standalone financial statements of the current period. 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 these matters.forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit matter | How our audit addressed the key audit matter |
|---|---|
| <u>**Recoverability assessment of trade receivables**</u><br><br>The Company has reported trade receivables of ₹ 12,556 lakhs as at 31 March 2021 and expected credit losses allowance of ₹ 1,659 lakhs as detailed in note 7 of the accompanying standalone financial statement.<br><br>Due to customer profile, the Company has significant receivable balances that are past the credit period for the product as well as services operating segments. The management measures expected credit loss on its trade receivables using practical expedient as prescribed by Ind AS 109: 'Financial Instruments', which involves significant management judgements and estimates. | Our audit procedures in relation to recoverability assessment of trade receivables include but were not limited to the following:<br>• Obtained a detailed understanding of each operating segment's revenue recognition and receivables provisioning policies, design of controls and how they are being applied.<br>• Tested the design and operating effectiveness of controls that the company has established in relation to revenue recognition.<br>• On a sample basis, coupled with high value overdue invoices, we rolled out and obtained direct receivables confirmations from the customers of the company having outstanding receivable balances as at an interim date and at balance sheet date, for ensuring the acknowledgement of debt by the customer. |

<table>
<tr><th>Key Audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Considering the materiality of trade receivables balances to the Company's financial statements and the multiple estimates and judgements involved in the estimation of expected credit losses, this matter is considered as a key audit matter for the current year audit.</td><td>• Where direct confirmations were not obtained, subsequent realization of the outstanding invoices and or customer acknowledgement of goods received, or services rendered was assessed to ensure the acknowledgement of debt by the customer.<br>• The expected credit loss model was tested for appropriateness of past data and provisioning matrix used and reasons for other long outstanding balances were also obtained from the management.<br>• We also considered payments received subsequent to year end, past payment history and unusual patterns to identify potentially impaired balances<br>• In addition, for receivables from subsidiaries, we have evaluated the reasonableness of management's estimates of future cash flows of the subsidiaries and recoverability including performing sensitivity analysis on these cash flow estimates.<br>• Ensured appropriateness and adequacy of disclosures made in the financial statements with respect to the trade receivables and provisioning thereof in accordance with applicable accounting standards.</td></tr>
<tr><td><u>Impairment assessment of Investments in Subsidiaries</u><br>As described in Note 6 and 30 to the accompanying standalone financial statements, as at 31 March 2021, the company has investments aggregating to ₹ 373 lakhs in its wholly own subsidiary, Inspirisys Solutions North America Inc.and provided impairment loss amounting to ₹ 373 Lakhs for the year ended 31 March 2021.<br>The management has noted impairment indicators due to the continued operating losses and negative net worth of the subsidiaries as at 31 March 2021. As detailed in note 6 management has estimated the recoverable value of the investment in subsidiaries.<br>The recoverability of carrying value of investment in subsidiaries is considered an audit risk due to the involvement of significant estimates & judgements by the management in assessing the recoverable value of the investment.<br>Due to the inherent uncertainty involved in forecasting and discounting future cash flows this is one of the key judgement areas for our audit and is therefore considered as a Key audit matter.</td><td>Our audit procedures in relation to impairment assessment of investment in subsidiaries included but were not limited to the following:<br>• Obtained an understanding of management's processes and controls for determining the valuation of investment;<br>• Evaluated the design of and tested the operating effectiveness of the key controls around the valuation of investment;<br>• Review of management's identification of indicators of impairment;<br>• Assessed the methodology used by the management to estimate the recoverable value of investment in subsidiaries, for which an impairment test was performed, to ensure that this is consistent with the requirements of the accounting standards;<br>• Evaluated the subsidiary's budgeting procedures upon which the cash flow forecasts are based and reviewed historical accuracy of budgeting process;<br>• Sensitivity analysis was performed on the key assumptions used in the valuation;<br>• Evaluated the discount rate and growth rate used in the estimation of recoverable value;<br>• Evaluated the appropriateness of recognition of impairment loss for the year ended 31 March 2021;<br>• Ensured appropriateness and adequacy of the disclosures made in the financial statements for the impairment losses recognized in accordance with applicable accounting standards.</td></tr>
</table>

**Information other than the Financial Statements and Auditor's Report thereon**

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements**

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Companies Act 2013. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. 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.

10. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

11. 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 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 financial statements.

12. As part of an audit in accordance with Standards on Auditing, 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 control 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 with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our 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;
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of the Company and such branches included in the Statement, of which we are the independent auditors. For the other branches included in the Statement, which have been audited by the branch auditor, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

16. We did not audit the financial statements of a branch included in the standalone financial statements of the Company whose financial information reflects total assets and net assets of ₹ 767 Lakhs and ₹ 657 Lakhs respectively as at 31 March 2021, and the total revenues of ₹ 537 Lakhs, total net profit after tax of ₹ 75 Lakhs total comprehensive income of ₹ 75 Lakhs and cash flows (net inflow) of ₹ 68 Lakhs respectively for the year ended on that date, as considered in the standalone financial statements. These financial statements have been audited by the branch auditors whose reports have been furnished to us by the management, and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

    Further, the branch is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by branch auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such branches from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion on the standalone financial statements, in so far as it relates to the balances and affairs of such branches, is based on the report of branch auditors and the conversion adjustments prepared by the management of the Company and audited by us.

    Our opinion on the standalone financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the branch auditors.

**Report on Other Legal and Regulatory Requirements**

17. As required by section 197(16) of the Act, based on our audit, and on the consideration of the reports of the branch auditors as referred to in paragraph 16 above,we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

19. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, and on the consideration of the reports of the branch auditors as referred to in paragraph 16 above we report, to the extent applicable, that:

a) we have sought and except for the matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

b) except for the possible effects of the matters described in the Basis for Qualified Opinion section, 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

c) the reports on the accounts of the branch offices of the Company audited under section 143(8) of the Act by the branch auditors has been sent to us and have been properly dealt with by us in preparing this report;

d) the standalone financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

e) except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;

h) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 10 May 2021 as per Annexure B expressed a qualified opinion;

i) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors as referred to in paragraph 16 above:

i. the Company, as detailed in note 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 21206931AAAABI8993

**Place:** Chennai
**Date:** 10 May 2021

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**Annexure A to the Independent Auditor's Report of even date to the members of Inspirisys Solutions Limited on the standalone financial statements for the year ended 31 March 2021.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;

(c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**₹ in Lakhs**

| Name of the statute | Nature of dues | Amount (₹) | Amount paid under Protest (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Kerala Value Added Tax Act, 2003 | Tax | 45 | 35 | 2007-08 | Commissioner of Commercial Taxes |
| Kerala Value Added Tax Act, 2003 | Tax and Penalty | 237 | - | 2013-14,2014-15 and 2016-17 | Deputy Commissioner (Appeals) |
| Telangana Value Added Tax Act, 2005 | Tax | 126 | 16 | 2015-16, 2016-17 and 2017-18 | Deputy Commissioner Tax Officer |
| Uttar Pradesh Trade Tax Act, 1948 | Tax | 46 | - | 2010-11, 2011-12, 2012-13 and 2013-14 | Deputy Commissioner |
| Uttar Pradesh Trade Tax Act, 1948 | Tax | 2 | - | 2002-03 | Trade Tax Tribunal, Lucknow |
| Income Tax Act, 1961 | Income Tax | 885 | - | 2005-06 and 2007-08 | High Court, Chennai |
| Income Tax Act, 1961 | Income Tax | 433 | - | 2008-09 | Commissioner of Income Tax-Appeals, Chennai |
| Income Tax Act, 1961 | Income Tax | 34 | - | 2009-10 | High Court, Chennai |
| Income Tax Act, 1961 | Income Tax | 117 | - | 2010-11 | High Court, Chennai |
| Income Tax Act, 1961 | Income Tax | 248 | - | 2012-13 | Commissioner of Income Tax-Appeals, Chennai |

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company has no borrowings obtained from government and the Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the company in accordance with the requisiteapprovals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company did not make private placement of shares or preferential allotment or private placement of fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No.: 206931
UDIN:21206931AAAABI8993

**Place:** Chennai
**Date:** 10 May 2021

**Annexure B to the Independent Auditor's Report of even date to the members of Inspirisys Solutions Limited on the standalone financial statements for the year ended 31 March 2021.**

**Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Inspirisys Solutions Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

**Responsibilities of Management and those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct ofthe Company's business, including adherence to the Company's policies, 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that amaterial 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes inconditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis of Qualified Opinion**

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2021:

a) The Company's internal financial controls system with respect to provisioning for expected credit loss of receivables from affiliates as laid down under Indian Accounting Standard ('Ind AS') 109 'Financial instruments', were not operating effectively, which has resulted or could have potentially resulted in a material misstatement in the value of trade receivables from related parties, impairment losses, impact on Goods and Service Tax liability, including penalty and interest that may be levied if any and its consequential impact on corresponding earnings and reserves and surplus including applicable disclosures.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

9. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as of 31 March 2021, 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 and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2021.

10. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2021, and this material weakness has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 21206931AAAABI8993

**Place:** Chennai
**Date:** 10 May 2021

## Standalone Balance Sheet as at 31 March 2021

₹ in Lakhs

| Particulars | Note No. | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | | |
| - Tangible assets | | 551 | 549 |
| - Intangible assets | | 54 | 183 |
| - Goodwill | | 542 | 542 |
| - Intangible assets under development | | 426 | 235 |
| Right-of-use assets | 5 | 525 | 833 |
| Financial assets | | | |
| - Investments | 6 | 120 | 493 |
| - Trade receivables | 7 | 38 | 28 |
| - Bank balances | 8 | 772 | 833 |
| - Other financial assets | 9 | 351 | 582 |
| Deferred tax assets (net) | 10 | - | - |
| Income tax assets (net) | 11 | 3,644 | 5,409 |
| Other non-current assets | 12 | 485 | 586 |
| | | **7508** | **10,273** |
| **Current assets** | | | |
| Inventories | 13 | 597 | 715 |
| Financial assets | | | |
| - Trade receivables | 7 | 10,859 | 12,194 |
| - Cash and cash equivalents | 14 | 2,697 | 1,222 |
| - Loans | 15 | 259 | 244 |
| - Other financial assets | 9 | 483 | 337 |
| Other current assets | 12 | 2,669 | 3,259 |
| | | **17,564** | **17,971** |
| **TOTAL ASSETS** | | **25,072** | **28,244** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 16 | 3,962 | 3,962 |
| Other equity | 17 | 3,242 | 3,271 |
| **Total equity** | | **7,204** | **7,233** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 18 | 47 | 4,544 |
| - Lease liabilities | 19 | 379 | 599 |
| Provisions | 20 | 640 | 566 |
| | | **1,066** | **5,709** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 18 | 2,800 | 5,713 |
| - Lease liabilities | 19 | 225 | 294 |
| - Trade payables | 21 | | |
| Total outstanding dues of micro and small enterprises | | 710 | 49 |
| Total outstanding dues of creditors other than micro and small enterprises | | 4,732 | 4,935 |
| - Other financial liabilities | 22 | 5,924 | 1,882 |
| Other current liabilities | 23 | 2,262 | 2,340 |
| Provisions | 20 | 149 | 89 |
| | | **16,802** | **15,302** |
| **TOTAL LIABILITIES** | | **17,868** | **21,011** |
| **Total equity and liabilities** | | **25,072** | **28,244** |

**Notes 1 to 43 form an integral part of these standalone financial statements**

This is the balance sheet referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Statement of Standalone Profit and Loss for the year ended 31 March 2021

₹ in Lakhs

| Particulars | Note No. | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations | 24 | 32,633 | 34,520 |
| Other income | 25 | 462 | 883 |
| **Total Revenue** | | **33,095** | **35,403** |
| **EXPENSES** | | | |
| Cost of raw materials consumed | 26 | 70 | 225 |
| Purchases of stock-in-trade and stores and spares | 27 | 11,988 | 13,138 |
| Changes in inventories of stock in trade and stores and spares | 28 | 88 | 288 |
| Employee benefits expense | 29 | 8,927 | 8,481 |
| Impairment losses | 30 | 373 | 619 |
| Other expenses | 31 | 10,044 | 9,663 |
| **Total expenses** | | **31,490** | **32,414** |
| **Earnings before finance cost, depreciation and amortization** | | **1,605** | **2,989** |
| Finance costs | 32 | 696 | 1,256 |
| Depreciation and amortization expense | 33 | 669 | 764 |
| **Profit before tax** | | **240** | **969** |
| **Tax expense** | | | |
| Current tax | 34 | 192 | 312 |
| Deferred tax | 10 | - | - |
| | | 192 | 312 |
| **Profit for the year** | | **48** | **657** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit and loss** | | | |
| - Re-measurement (gains) on defined benefit plans | | (64) | 64 |
| - Income tax relating to items that will not be reclassified to profit and loss | | 13 | (11) |
| **Other comprehensive income for the year, net of tax** | | **(51)** | **53** |
| **Items that will be reclassified to profit and loss** | | | |
| -Exchange differences on translation of foreign operations | | (33) | - |
| - Income tax relating to translation of foreign operations | | 7 | |
| | | (26) | - |
| **Other comprehensive income for the year, net of tax** | | (77) | 53 |
| **Total comprehensive income for the year** | | **(29)** | **710** |
| **Earnings per equity share** | 35 | | |
| Basic and diluted (in ₹) | | 0.12 | 1.72 |
| Nominal value of equity shares (in ₹) | | 10 | 10 |

**Notes 1 to 43 form an integral part of these standalone financial statements**

This is the profit and loss account referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Standalone Cash Flow Statement for the year ended 31 March 2021

**₹ in Lakhs**

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **240** | **969** |
| **Adjustments for** | | |
| Depreciation and amortization expense | 669 | 764 |
| Interest expense (including changes in financial instruments) | 696 | 1,112 |
| Impairment losses | 373 | 619 |
| Provision for inventory obsolescence | 292 | 226 |
| Provision for gratuity and compensated absences | 78 | (8) |
| Net unrealised foreign exchange loss / (gain) | 14 | (15) |
| Bad debts recovered | - | (79) |
| Interest Income | (75) | (128) |
| Reversal of provision for warranty | (8) | (72) |
| Liabilities no longer required written back | (142) | (418) |
| Interest on income tax refund | (177) | (35) |
| Profit on sale of property, plant and equipment | (2) | (2) |
| **Operating profit before working capital changes** | **1,958** | **2,933** |
| (Increase) / Decrease in inventories | (174) | 59 |
| Decrease in trade receivables | 1,234 | 4,031 |
| Decrease in other financial assets | 108 | 42 |
| Decrease / (Increase) in other non-current assets | 101 | (116) |
| Decrease / (Increase) in other current assets | 590 | (289) |
| Increase / (Decrease) in trade payables | 458 | (421) |
| (Decrease) /Increase in other financial liabilities | (207) | 133 |
| (Decrease) in other current liabilities | (78) | (538) |
| **Cash generated from operating activities** | **3,990** | **5,834** |
| Direct taxes refund received / (paid), net | 1,770 | (1,096) |
| **Net cash generated from operating activities** | **5,760** | **4,738** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (455) | (480) |
| Proceeds from sale of property, plant and equipment | 2 | 2 |
| Interest received | 43 | 60 |
| Loans to related parties | - | (6) |
| Net movement in bank deposits | 61 | 133 |
| **Net cash (used) in / generated from investing activities** | **(349)** | **(291)** |
| **C. Cash flow from financing activities** | | |
| (Repayment of) / Proceeds from long term borrowings | (16) | 60 |
| Repayment of short term borrowings | (2,913) | (5,556) |
| Proceeds from issue of equity shares | - | 3,055 |
| Transfer to Investor Education and Protection Fund | - | (1) |
| Payment of lease liabilities | (374) | (405) |
| Interest paid | (625) | (1,015) |
| **Net cash (used) in financing activities** | **(3,928)** | **(3,862)** |
| **D. Net change in cash and cash equivalents** | 1,483 | 585 |
| E. Cash and cash equivalents at the beginning | 1,222 | 620 |
| Effects of foreign currency translation | (8) | 17 |
| **F. Cash and cash equivalents at the end** | **2,697** | **1,222** |
| **Cash and cash equivalents include** | | |
| Cash on hand | 5 | 6 |
| Balances with banks in current accounts | 2,692 | 1,216 |
| **Cash and cash equivalents (Also refer note 14)** | **2,697** | **1,222** |

**Notes 1 to 43 form an integral part of these standalone financial statements**

This is the cash flow referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Statement of Changes in Standalone Equity for the year ended 31 March 2021

₹ in Lakhs

| Particulars | Equity share capital | Other Equity | | | Accumulated other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|
| | | General reserve | Retained Earnings | Securities Premium | Foreign currency translation reserve | Other Items | |
| **Balances as at 01 April 2019** | 3,399 | 859 | (9,705) | 9,063 | - | (130) | 3,486 |
| Transitional impact on adoption of : | | | | | | | |
| Appendix C to Ind AS 12 (refer note no 34) | - | - | (18) | - | - | - | (18) |
| **Restated Balances as at 01 April 2019** | 3,399 | 859 | (9,723) | 9,063 | - | (130) | 3,468 |
| Profit for the year | - | - | 657 | - | - | - | 657 |
| Other comprehensive income | - | - | - | - | - | 53 | 53 |
| **Total comprehensive income for the year** | **-** | **-** | **657** | **-** | **-** | **53** | **710** |
| **Transactions with owners in their capacity as owners :** | | | | | | | |
| Shares issued during the year | 563 | - | - | - | - | - | 563 |
| Securities Premium on equity shares issued | - | - | - | 2,492 | - | - | 2,492 |
| **Balances as at 31 March 2020** | 3,962 | 859 | (9,066) | 11,555 | - | (77) | 7,233 |
| Profit for the year | - | - | 48 | - | - | - | 48 |
| Other comprehensive income | - | - | - | - | (26) | (51) | (77) |
| **Total comprehensive income for the year** | **-** | | **48** | **-** | **(26)** | **(51)** | **(29)** |
| **Balances as at 31 March 2021** | **3,962** | **859** | **(9,018)** | **11,555** | **(26)** | **(128)** | **7,204** |

**Notes 1 to 43 form an integral part of these standalone financial statements**

This is the statement of changes in equity referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

**1 Background**

Inspirisys Solutions Limited ("Inspirisys" or the Company) was incorporated on 8 June 1995 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Company's principal lines of business is IT services which includes, providing system integration solutions comprising network design, hardware and software, IT infrastructure management solutions, warranty management solutions for imported and indigenous equipment, development, implementation and maintenance of software applications. The Registered office of the Company is located at First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk. Chennai - 600 010, Tamil Nadu, India.

**2 Summary of significant accounting policies**

**a) Basis of preparation and presentation of standalone financial statements**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules,2015 and relevant amendments rules issued thereafter.

The financial statements of the Company are prepared in Indian Rupee (₹), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

**b) Use of estimates and judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

***Significant management estimates and judgements***

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

***Estimation of uncertainties relating to the global health pandemic from COVID-19***

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and Investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements

***Classification of leases***

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

**Recognition of deferred tax assets and income tax treatments**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

***Capitalisation of internally developed intangible assets***

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

***Evaluation of indicators for impairment of assets***

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

***Recoverability of advances / receivables***

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

***Useful lives of depreciable / amortizable assets***

Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

***Inventory***

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

***Fair value measurements***

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 2(r) financial instruments.

**c) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

**d) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready or substantially ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains / losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell. Repairs and Maintenance costs are recognized in the Statement of Profit and Loss when incurred.

Property, plant and equipment are depreciated using straight line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

| Particulars | Useful life (years) |
|---|---|
| Computer hardware | 6 |
| Furniture and fittings | 10 |
| Office equipment | 5 |
| Plant and machinery | 15 |
| Leasehold improvements | Over primary lease term |
| Vehicles-Motor bikes | 5 |
| Vehicles-Motor cars | 5 |

Based on evaluation, the Management believes that the useful lives as given above represent the period over which the Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

**e) Intangible assets**

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Goodwill of the Company is not amortised since the same has a infinite useful life.

A summary of useful life's considered for the intangible assets is as below:

| Particulars | Useful life |
|---|---|
| Software | 7 years |
| Goodwill | Infinite |

**f) Impairment of property, plant and equipment and intangible assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life, not subject to amortisation and Intangible assets under development are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**g) Revenue recognition**

The Company earns revenue primarily from Information Technology (IT) services which includes, providing system integration solutions comprising network design, hardware and software, IT Infrastructure management solutions, warranty management solutions for imported and indigenous equipment and development, implementation and maintenance of software applications.

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

1 Identifying the contract with customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

A performance obligation is satisfied over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length. Invoicing in excess of revenues are classified as contract liabilities (which we refer to as "unearned revenue").

The Company disaggregates revenue from contracts with customers by nature of offerings (sales and services).

***System Integration (Products / Hardware)***

System Integration division carries out sale of servers, IT and Network related products and software across India based on contracts with the customers. System Integration division also offers a wide range of Multi-function kiosks (MFK), Ticketing Kiosks, and Queue Management Systems.

• Revenue from the sale of distinct manufactured systems and third party supply is recognised when control of the product is transferred to the customer, being the point of time when the product / software is delivered and acknowledged by the customer. In cases where installation services are rendered, the sale and installation service is considered as multiple performance obligations and revenue is recognised separately as and when the delivery and the installation service is performed.

***Services (Infra / Security / Cloud / Software)***

Services (Infra, Security, Cloud and Software) division provides maintenance services of hardware, software and other network related parts and also outsources certain maintenance contracts to the other service providers. Services division also carries out software development services to its subsidiary in USA , UAE and external customers and the same are provided to the customers based on contracts.

• Under fixed price maintenance and support services, the performance obligations relating to the service are satisfied over a period of time and the revenue is recognised on a straight line basis over the period of contract, net of expected liquidated damages or deductions.

• Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenue).

***Warranty Management services (WMS)***

Warranty Management Services division is a vendor agnostic, full-service, warranty management service provider in the field of IT, Telecom, Security surveillance, Home Automation and other areas.

**h) Other income**

Other income is comprised primarily of interest income, dividend income, gain/loss on investments, exchange gain/loss on translation of assets and liabilities.

***Interest income***

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

***Dividend income***

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

**i) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, where applicable. Inventories are written down for obsolete/slow moving/non moving items wherever necessary.

**j) Cost recognition**

Costs and expenses are recognised when incurred and have been classified according to their nature. The costs of the Company are broadly categorised in employee benefit expenses, finance cost, depreciation and amortisation expense and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include fees to professional and consultants, rent, outsourcing costs, travel expenses, communication expenses, freight expenses and other miscellaneous expenses. Other miscellaneous expenses is an aggregation of costs which are individually not material such as repairs and maintenance, electricity charges and advertisement and brokerage, etc.

**k) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

***Defined contribution plan***

**(i) Provident fund**

This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

***Defined benefit plan***

**(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

**(ii) Compensated absences**

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of non vesting benefit. Long term compensated absence costs are provided for based on actuarial valuation using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

***Short-term employee benefits***

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**l) Leases**

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

***Short-term leases and leases of low-value assets***

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months and low value lease. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**m) Foreign currency transactions**

***Functional and presentation currency***

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹) (rounded off to nearest lakhs).

***Transactions and translations***

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance sheet date. The gains or losses resulting from such transactions are included in net profit in the Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rates prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rates prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency translations are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

**n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**o) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**p) Income taxes**

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and 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.

***Current income taxes***

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes***

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by 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. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**q) <u>Provisions and contingencies</u>**

***<u>Provisions</u>***

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

***<u>Contingent liabilities</u>***

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

***<u>Contingent assets</u>***

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**r) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortized cost

b. Fair Value Through Other Comprehensive Income (FVTOCI) or

c. Fair Value Through Profit or Loss (FVTPL).

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

***<u>(i) Financial asset at amortised cost</u>***

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

***<u>(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)</u>***

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e.., share-by-share) basis. If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

***(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)***

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

**De recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's standalone balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**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, loans and borrowings

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

***Gains or losses on liabilities held for trading are recognised in the profit or loss.***

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. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other 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.

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Equity instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

**s) Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model and specific identification method based on the credit risk for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

***Trade receivables***

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

***Other financial assets***

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

**t) Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

**u) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Levell 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

**v) Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks and on hand which are unrestricted for withdrawal and usage. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified the following as reportable segments: a) System integration (SI) solutions comprising of supply, installation, commissioning of network design, hardware, software and related services, b) Services (Infra , Security, Cloud and Software ), c) Warranty management services (WMS).

Per Para 4 of Ind AS 108 Operating Segments, when entity's financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Hence segment information is disclosed as part of consolidated financial statements for the year ended 31 March 2021.

**x) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**y) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future operating cash receipt or payments, and items of income or expenses associated with investing or financing cash flows. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

**z) Transfer Pricing**

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2021 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

**3 Recent accounting pronouncements**

a) Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2021.

b) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund, Gratuity and Leave liability. The Ministry of Labour and Employment has released draft rules for the Code on Social Security 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The effective date from which the changes are applicable is yet to be notified by the Government. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

**4 Property, plant and equipment and Intangible assets**

₹ in Lakhs

| Particulars | TANGIBLE ASSETS | | | | | | | INTANGIBLE ASSETS | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Leasehold improve-ments | Plant and machinery | Furniture and electrical fittings | Office equipment | Computers | Vehicles | Total | Goodwill | Soft-wares | Under development |
| **Gross block** | | | | | | | | | | |
| **Balance as at 1 April 2019** | **284** | **125** | **77** | **62** | **639** | **41** | **1,228** | **864** | **1,038** | **86** |
| Additions | 44 | 3 | - | 5 | 150 | 103 | 305 | - | 26 | 149 |
| Deletions | - | - | - | - | - | (10) | (10) | - | - | - |
| **Balance as at 31 March 2020** | **328** | **128** | **77** | **67** | **789** | **134** | **1,523** | **864** | **1,064** | **235** |
| Additions | 25 | - | 2 | 7 | 192 | - | 226 | - | 20 | 209 |
| Deletions | (11) | - | (11) | - | - | - | (22) | - | - | (18) |
| **Balance as at 31 March 2021** | **342** | **128** | **68** | **74** | **981** | **134** | **1,727** | **864** | **1,084** | **426** |
| | | | | | | | | | | |
| **Accumulated depreciation/amortization** | | | | | | | | | | |
| **Balance as at 31 March 2019** | **147** | **51** | **37** | **39** | **451** | **24** | **749** | **322** | **725** | **-** |
| Charge for the year | 58 | 11 | 12 | 13 | 121 | 20 | 235 | - | 156 | - |
| Reversal on deletions | - | - | - | - | - | (10) | (10) | - | - | - |
| **Balance as at 31 March 2020** | **205** | **62** | **49** | **52** | **572** | **34** | **974** | **322** | **881** | **-** |
| Charge for the year | 47 | 11 | 20 | 8 | 110 | 26 | 222 | - | 149 | - |
| Reversal on deletions | (11) | - | (9) | - | - | - | (20) | - | - | - |
| **Balance as at 31 March 2021** | **241** | **73** | **60** | **60** | **682** | **60** | **1,176** | **322** | **1,030** | **-** |
| **Net Block** | | | | | | | | | | |
| **Balance as at 31 March 2020** | **123** | **66** | **28** | **15** | **217** | **100** | **549** | **542** | **183** | **235** |
| **Balance as at 31 March 2021** | **101** | **55** | **8** | **14** | **299** | **74** | **551** | **542** | **54** | **426** |

**a) Property, plant and equipment pledged as security**

The following assets are purchased under finance lease and are secured against the asset purchased (Also refer note 18(a)).

**₹ in Lakhs**

| Particulars | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Gross block | Net block | Gross block | Net block |
| Vehicles | 134 | 74 | 134 | 100 |
| **Total** | **134** | **74** | **134** | **100** |

**b) Intangibles under development**

Intangibles under development represents the banking software being developed which will be used to earn licensing income.

**c) Goodwill**

The goodwill arose on account of purchase of a specific software business included in the services division (Cash Generating Unit - CGU). The useful life of the goodwill is estimated to be indefinite since the economic benefit to be derived from the asset cannot be restricted to definite period. As required by Ind AS, the Company has performed impairment test on a yearly basis using the value in use method. The calculations use cash flow projections based on the financial budgets approved by the management covering a three year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates Following is the key assumptions used by the management to calculate the value in use. The recoverable value of the CGU is more than the carrying value as at 31 March 2021 of CGU, accordingly there is no impairment provision made during the year.

| | 31 March 2021 |
|---|---|
| Sales growth rate (%) | 6-10 |
| Long term growth rate (%) | 2 |
| Budgeted EBIDTA (%) | 19-20 |
| Budgeted EBIT (%) | 16-17 |
| Pre-tax discount rate (%) | 17.24 |

Management has determined the values assigned to each of the above key assumptions as follows

| Assumptions | Approach used to determine values |
|---|---|
| Sales growth rate | Average annual growth rate over the three year period forecast which is based on past performance and management's expectations of market development |
| Budgeted EBITDA | Based on past performance and management's expectations for the future |
| Budgeted EBIT | Based on past performance and management's expectations for the future |
| Long term growth rate | This is the weighted average growth rate used to extrapolate the cash flows beyond the budget period. The rates are consistent with the forecasts included in industry reports |
| Pre-tax discount rate | Reflects specific risks relating to the business and the country in which they operate |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | Number | Face value | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|---|
| 5 | **Right-of-use assets** | | | | |
| | **Balance at the beginning of the year** | | | **833** | 1,114 |
| | Additions | | | - | 85 |
| | Deletion | | | - | - |
| | Depreciation of right of use assets (Also, refer note 33) | | | (298) | (373) |
| | Exchange gain | | | (10) | 7 |
| | **Balance as at the end of the year** | | | **525** | **833** |

| | Particulars | Number | Face value | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|---|
| 6 | **Investments** | | | | |
| | **Non - current investments** | | | | |
| i) | **Investment carried at cost** | | | | |
| | **Investment in equity instruments in subsidiaries (fully paid-up) (Unquoted)** | | | | |
| | Inspirisys Solutions DMCC, Dubai | 300 | AED 1000 | 120 | 120 |
| | Inspirisys Solutions Japan Kabushiki Kaisha | 374 | JPY 50,000 | 118 | 118 |
| | Network Programs (USA) Inc., USA | 1,000 | USD 1 | 51 | 51 |
| | Inspirisys Solutions North America Inc., | 655,000 | USD 1 | 373 | 373 |
| | Inspirisys Solutions IT Resources Limited | 3,000,000 | ₹ 10 | 790 | 790 |
| | Inspirisys Solutions Europe Limited, UK | 19,500 | GBP 1 | 17 | 17 |
| | | | | **1,469** | **1,469** |
| | Less: Impairment in the value of investment (Refer Note 30(a)) | | | (1,349) | (976) |
| | | | **Total (a)** | **120** | **493** |
| ii) | **Investments carried at fair value through profit and loss** | | | | |
| | **Investments in equity investmemnts of other companies (fully paid-up) (Unquoted)** | | | | |
| | Telesis Global Solutions Limited, India | 96,374 | ₹ 10 | 30 | 30 |
| | Less: Impairment in the value of investment | | | (30) | (30) |
| | | | Total (b) | - | - |
| | **Total Non - current investments** | | **Total (a) +(b)** | **120** | **493** |
| | Aggregate amount of unquoted investments | | | 1,499 | 1,499 |
| | Aggregate amount of impairment in value of investments | | | (1,379) | (1,006) |
| | **Extent of investment in subsidiaries** | | | | |
| | Inspirisys Solutions DMCC, Dubai | | | 100% | 100% |
| | Inspirisys Solutions Japan Kabushiki Kaisha | | | 100% | 100% |
| | Network Programs (USA) Inc., USA | | | 100% | 100% |
| | Inspirisys Solutions North America Inc., | | | 100% | 100% |
| | Inspirisys Solutions IT Resources Limited | | | 100% | 100% |
| | Inspirisys Solutions Europe Limited, UK | | | 100% | 100% |

a) The subsidiaries have reported continuous losses in the past and the Company assessed these factors to be indicators that the carrying value of non-current investments in the subsidiaries may be impaired. Accordingly, in line with the Company's accounting policy, the recoverable amount of such investments in Inspirisys Solutions DMCC (DMCC), Dubai and Inspirisys Solutions North America Inc (ISNA)., were determined by an independent valuation expert. Based on such valuation, the company has, as a matter of pruduance, recognised a provision for impairment of its investment in ISNA during the current year (Also refer note 30(a)). The recoverable amount (value in use) of DMCC was determined to be higher than the carrying value of the investment in the standalone financial statements. For determining the said value in use, the discount rate used by the Company is around 12.5% for subsidiary based on economic factors of the country in which the subsidiary operates.

b) The recoverable amount of investments in subsidiaries, other those mentioned in paragraph (a) above and note 30(a), were assessed by the management internally and it was observed that the estimated service potential of these investments have not increased materially. Hence, the impairment of these investments were not reversed during the current year.

c) The impairment provision for all subsidiaries, other than Inspirisys Solutions DMCC, Dubai and Inspirisys Solutions North America Inc., has already been recorded over the previous years.

| 7 | Trade receivables<br>(Unsecured, considered good unless otherwise stated) | As at 31 March 2021<br>Non-current | <br>Current | As at 31 March 2020<br>Non-current | <br>Current |
|---|---|---|---|---|---|
| | a) Receivables - considered good (Also, refer note 37 (c)) | 38 | 12,318 | 28 | 13,653 |
| | b) Receivables - credit impaired | - | 200 | - | 200 |
| | | **38** | **12,518** | **28** | **13,853** |
| | **Allowances for expected credit loss** | | | | |
| | Alllowance for credit loss | - | (1,459) | - | (1,459) |
| | Alllowance for credit loss - credit impaired | - | (200) | - | (200) |
| | | **38** | **10,859** | **28** | **12,194** |

a) Trade receivables include due from related parties amounting to ₹ 3,681 lakhs (31 March 2020: ₹ 3,327 lakhs). The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

b) All of the Company's trade receivables have been reviewed for indicators of impairment. The Company has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

c) The Company has a trade receivable of ₹ 3,200 Lakhs as on March 31, 2021 from one of its subsidiary Company Inspirisys Solutions North America, Inc (ISNA). The balance reflects accumulation of receivables since 2016-17. ISNA Inc the wholly owned subsidiary of Inspirisys Solutions Ltd (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The trade receivables in the books of ISL India represents services performed and billed on ISNA over the years in respect of offshore services for the clients of ISNA. The Management is working on turning around the business performance of ISNA and are hopeful of generating profits to pay ISL India against the trade receivables and to this effect have drawn up business plans for the subsidiary for the next few years. In view of the above, the Management considers not making any provision towards any expected credit loss against these Accounts Receivable from ISNA including GST liability if any on such export receivables together with interest thereon as we are hopeful of collecting the dues from ISNA.

d) Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.

| Movement of expected credit loss | As at<br>31 March 2021 | As at<br>31 March 2020 |
|---|---|---|
| **Balance at beginning of the year** | 1,659 | 1,437 |
| Additions during the year, net (Also refer note 30) | - | 444 |
| Utilised during the year | - | (222) |
| **Balance at end of the year** | **1,659** | **1,659** |

| | Particulars | As at<br>31 March 2021 | As at<br>31 March 2020 |
|---|---|---|---|
| 8 | **Bank balances** | | |
| | Balances with bank held as margin money | 772 | 833 |
| | | **772** | **833** |

Non-current bank balances represents, interest bearing deposits with bank with more than 12 months maturities. These margin money deposits are given as lien to obtain bank guarantee. These bank guarantee are issued to customers as collateral for execution of contracts.

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current |
| 9 | **Other financial assets** | | | | |
| | (Unsecured, considered good unless otherwise stated) | | | | |
| | Security deposits | 204 | - | 295 | - |
| | Rental deposits | 147 | 299 | 287 | 190 |
| | Other receivables | - | 179 | - | 131 |
| | Other advances | - | 5 | - | 16 |
| | | **351** | **483** | **582** | **337** |

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 10 | **Deferred tax asset (net)*** | | |
| | The breakup of net deferred tax asset is as follows: | | |
| | Deferred tax liability arising on account of : | | |
| | - Timing difference between Depreciation / amortization as per financials and depreciation as per tax | (45) | (85) |
| | | **(45)** | **(85)** |
| | Deferred tax asset arising on account of : | | |
| | - Provision for employee benefits | 344 | 337 |
| | - Allowances for expected credit loss | 483 | 483 |
| | - Provision for inventory | 206 | 121 |
| | - Impairment in value of investments | 393 | 284 |
| | - Unabsorbed Depreciation and business loss | 2,629 | 3,198 |
| | - Minimum alternative tax credit available | 839 | 647 |
| | - Others | - | 10 |
| | | **4,894** | **5,080** |
| | **Net deferred tax assets*** | - | - |

*The Company has not recognised deferred tax asset as it is not probable that the taxable profit will be available for utilizing the unused tax losses and temporary differences. The Company has neither recognised deferred tax expense nor income in the statement of profit and loss and other comprehensive income for the year ended 31 March 2021 and 31 March 2020 and consequently reconciliation for the same is not disclosed. the same is not disclosed.

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 11 | **Income tax assets (net)** | | |
| | Advance Tax, net (Also, refer note 34) | 3,644 | 5,409 |
| | | **3,644** | **5,409** |

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current |
| 12 | **Other assets** | | | | |
| | Unbilled revenue | - | 1,066 | - | 973 |
| | Balances with government authorities | 285 | - | 347 | 178 |
| | Prepaid expenses | 200 | 1,577 | 239 | 1,959 |
| | Other advances | - | 8 | - | 17 |
| | Supplier advances | - | 18 | - | 132 |
| | | **485** | **2,669** | **586** | **3,259** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **13** | **Inventories** | | |
| | Raw materials | 73 | 101 |
| | Finished goods | 65 | 67 |
| | Stores and spares* | 1,166 | 962 |
| | Less: Provision for inventory obsolescence | (707) | (415) |
| | | **597** | **715** |

** Includes goods in transit of ₹ 12 lakhs (previous year ₹ 32 lakhs)*

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **14** | **Cash and bank balances** | | |
| | **Cash and cash equivalents** | | |
| | Cash on hand | 5 | 6 |
| | Balances with banks - current accounts | 2,692 | 1,216 |
| | | **2,697** | **1,222** |
| **15** | **Loans** | | |
| | (Unsecured, considered good unless otherwise stated) | | |
| | Loans to related parties @ | | |
| | Loans to related party - considered good, (Also, refer note 37 (c)) | 259 | 244 |
| | Loans to related party - credit impaired | 60 | 60 |
| | | **319** | **304** |
| | **Less: Allowance for credit loss** | (60) | (60) |
| | Impairment of loans to related party - credit impaired | **259** | **244** |

@ Represents loans given to subsidiaries on account of working capital requirements and the same are repayable on demand bearing an interest rate of 11% p.a.

| | Particulars | As at 31 March 2021 Nos.* | As at 31 March 2021 Amount | As at 31 March 2020 Nos.* | As at 31 March 2020 Amount |
|---|---|---|---|---|---|
| **16** | **Equity Share Capital** | | | | |
| | **Authorized** | | | | |
| | Equity shares of ₹ 10 each | 5,00,00,000 | 5,000 | 5,00,00,000 | 5,000 |
| | **Issued, subscribed and fully paid up** | | | | |
| | Equity shares of ₹ 10 each | 3,96,16,873 | 3,962 | 3,96,16,873 | 3,962 |
| | | **3,96,16,873** | **3,962** | **3,96,16,873** | **3,962** |
| **a)** | **Reconciliation of number of shares** | | | | |
| | **Equity shares** | | | | |
| | **Opening balance** | 3,96,16,873 | 3,962 | 3,39,91,873 | 3,399 |
| | Issued during the year | - | - | 56,25,000 | 563 |
| | **Closing Balance** | **3,96,16,873** | **3,962** | **3,96,16,873** | **3,962** |
| **b)** | **Shares held by the holding company** | | | | |
| | Equity shares of ₹ 10 each | | | | |
| | CAC Holdings Corporation | | | | |
| | **Opening balance** | 2,77,12,125 | 2,771 | 2,20,87,125 | 2,209 |
| | Issued during the year | - | - | 56,25,000 | 563 |
| | **Closing Balance** | **2,77,12,125** | **2,771** | **2,77,12,125** | **2,771** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Nos.* | % holding | Nos.* | % holding |
| **c) Shareholders holding more than 5% of the aggregate shares in the Company** | | | | |
| Equity shares of ₹ 10 each | | | | |
| CAC Holdings Corporation, Holding company | 27,712,125 | 70% | 27,712,125 | 70% |
| Amicorp Trustees (India) Private Limited (Also, refer note (g) below) | 44,64,279 | 11% | 44,64,279 | 11% |
| *number of shares are in absolute number. | | | | |

**d)** Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their share holding.

**e)** There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last 5 years immediately preceding 31 March 2021.

**f)** Pursuant to the shareholder's resolution dated 19 June 2019, the Company has made further issue of 5,625,000 equity shares of ₹ 10 each to CAC Holdings Corporation, Tokyo, Japan at a premium of ₹ 44.30 per share during 2019-2020.

**g)** In terms of the Settlement Agreement and Release dated 15 March 2017 entered into between Inspirisys Solutions Limited ('the Company'), CAC Holdings Corporation, Japan (the current promoter) and Accel Limited, Mr N R Panicker and Accel Systems Group Inc, (the erstwhile promoter group of Accel Frontline Limited) 44,64,279 shares (representing 11% (previous year: 11%) of the shareholding of the company) held by the erstwhile promoter group was transferred by such erstwhile promoter group to a Trust between 21st July 2017 and 25th August 2017. The Company does not control this trust including the decisions relating to dealing with these shares. However, the Company is the end beneficiary only of the consideration if and when the shares are sold by the trustees.

**h) Capital management policies and procedures**

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting years are summarized as follows:

| Particulars | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| Borrowings | | 7,233 | 10,274 |
| Cash and bank balances | | (3,469) | (2,055) |
| **Net debt** | **(A)** | **3,764** | **8,219** |
| **Total equity** | **(B)** | **7,204** | **7,233** |
| **Overall financing** | **(A+B)** | **10,968** | **15,452** |
| **Gearing ratio** | | **34%** | **53%** |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **17 Other Equity** | | |
| **Securities premium** | | |
| Balance at the beginning of the year | 11,555 | 9,063 |
| Additions made during the year | - | 2,492 |
| **Balance at the end of the year** | **11,555** | **11,555** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **General reserve** | 859 | 859 |
| **Retained earnings** | | |
| Balance at the beginning of the year | (9,066) | (9,705) |
| Less: Impact on adoption of "Appendix C" to Ind AS 12(Also refer note 34) | - | (18) |
| Add : Transferred from statement of profit and loss | 48 | 657 |
| **Balance at the end of the year** | **(9,018)** | **(9,066)** |
| **Accumulated other comprehensive income** | | |
| Balance at the beginning of the year | (77) | (130) |
| Add : Transfer from other comprehensive income | (51) | 53 |
| **Balance at the end of the year** | **(128)** | **(77)** |
| **Accumulated other comprehensive income** | | |
| Balance at the beginning of the year | - | - |
| Add : Transfer from other comprehensive income | (26) | - |
| **Balance at the end of the year** | **(26)** | **-** |
| **Total Other equity** | **3,242** | **3,271** |

a) **Securities premium**
Securities premium reserve comprises of the amount of share issue price received over and above the face value of ₹ 10 each.

b) **General reserve**
General reserve represents an appropriation of profits by the Company.

c) **Accumulated other comprehensive income**
Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

d) **Retained earnings**
Retained earnings represents the amounts of accumulated earnings of the Company.

| Particulars | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current |
| **18 Borrowings** | | | | | |
| **(i) Secured** | | | | | |
| **From Banks** | | | | | |
| Finance lease obligations (Also, refer note (a) below) | | 47 | 17 | 63 | 17 |
| | **A** | 47 | 17 | 63 | 17 |
| Less: Current maturities of long-term borrowings (Also, refer note 22) | **B** | - | (17) | - | (17) |
| | **C (A-B)** | **47** | **-** | **63** | **-** |
| **(ii) Unsecured** | | | | | |
| **Borrowings** | | | | | |
| **From banks** | | | | | |
| Working capital demand loan | | - | 1500 | - | 2,013 |
| Short term loan | | - | 1300 | - | 3,700 |
| **From Others** | | | | | |
| Loans and advances from related parties (Also, refer note (b) below) | | 4,369 | - | 4,481 | - |
| | **D** | 4,369 | 2,800 | 4,481 | 5,713 |
| | **E** | (4,369) | - | - | - |
| Less: Current maturities of long-term borrowings | **F(D-E)** | - | 2,800 | 4,481 | 5,713 |
| **Total Borrowings** | **(C+F)** | 47 | 2,800 | 4,544 | 5,713 |

a) These loans have been availed for acquiring certain business assets and are secured by hypothecation of specific assets purchased out of such loans. The loans are repaid in equated monthly instalments from date of loan and carry interest rate between 5% to 9% per annum (Also, refer note 4(a).

The details of lease commitments in terms of Minimum lease payments (MLP) and Present value (PV) of MLP are as follows:

| Particulars | | As at 31 March 2021 | | As at 31 March 2020 |
|---|---|---|---|---|
| **Payments falling due:** | **MLP** | **PV of MLP** | **MLP** | **PV of MLP** |
| Payable not later than 1 year | 23 | 17 | 23 | 17 |
| Payable later than one year but not later than 5 years | 50 | 47 | 73 | 63 |
| **Total** | **74** | **64** | **96** | **80** |
| Less: Amounts representing interest | (10) | - | (16) | - |
| | **64** | **64** | **80** | **80** |

b) The loans and advances from related parties represents loan from the holding company, CAC Holdings Corporation, to the tune of ₹ 4,369 lakhs (including interest payable) (As at 31 March 2020: ₹ 4,481 lakhs) with an interest rate of 4.5 % + 6 months LIBOR rate, per annum; the entire amount being repayable in 2021-22. (Also, refer note 37). The loan from holding Company is denominated in USD.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **c) Details of guarantee** | | |
| Guaranteed by holding Company | | |
| From banks | | |
| - Working capital demand loan | 1,500 | 2,013 |
| - Short term loan | 1,300 | 3,700 |

**d) Details of security**

- The Company has availed a working capital demand loan worth ₹ 1,500 (as at 31 March 2020: ₹ 2,013) from Sumitomo Mitsui Banking Corporation at an interest rate of 7.8% (as at 31 March 2020: 9%) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan. The same is repayable on the respective due dates of each drawdown, which is generally less than 12 months.
- The Company has also availed a short term loan facility ₹ 1,300 (as at 31 March 2020: ₹ 3,700) from Mizuho Bank Ltd at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR)) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan. The same shall be repayable on demand.

| Particulars | As at 31 March 2021 Long term | Short term | As at 31 March 2020 Long term | Short term |
|---|---|---|---|---|
| **e) Reconciliation for cash flow statement** | | | | |
| Opening balance | 4,544 | 5,713 | 4,133 | 11,272 |
| (Repayment of) / Proceeds from borrowings | (16) | (2,913) | 60 | (5,556) |
| Exchange (loss) / gain on restatement | (118) | - | 352 | - |
| Interest expense | (233) | (386) | (367) | (649) |
| Interest paid | 239 | 386 | 366 | 646 |
| **Closing Balance** | **4,416** | **2,800** | **4,544** | **5,713** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | As at 31 March 2021 Non - Current | Current | As at 31 March 2020 Non - current | Current |
|---|---|---|---|---|---|
| 19 | Lease liability (Also, refer note (a) below) | 379 | 225 | 599 | 294 |
| | | 379 | 225 | 599 | 294 |

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **(a) Movement in lease liability** | | |
| **Balance at beginning of the year** | **893** | **1,114** |
| Additions | - | 85 |
| Finance cost (Also, refer note 32) | 77 | 92 |
| Payment of lease liabilities | (374) | (405) |
| Exchange loss | 8 | 7 |
| **Balance as at end of the year** | **604** | **893** |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **(b) Summary of contractual maturities of lease liabilities** | | |
| Less than one year | 251 | 334 |
| One to five years | 532 | 715 |
| More than five years | - | 127 |
| **Total undiscounted lease liabilities at 31 March 2020** | **783** | **1,176** |

| | Particulars | As at 31 March 2021 Non-current | Current | As at 31 March 2020 Non-current | Current |
|---|---|---|---|---|---|
| 20 | **Provisions** | | | | |
| | Provisions for employee benefits | | | | |
| | Gratuity (Also refer note (a(i)) below) | 573 | 81 | 504 | 19 |
| | Compensated absences (Also refer note (a(ii)) below) | 67 | 45 | 62 | 39 |
| | Provision for warranty (Also refer note (b) below) | - | 23 | - | 31 |
| | | **640** | **149** | **566** | **89** |

**a) Employee benefits**

**i) Gratuity**

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by Life Insurance Corporation.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Change in projected benefit obligation** | | |
| Projected benefit obligation at the beginning of the year | 716 | 729 |
| Current service cost | 93 | 90 |
| Interest cost | 37 | 52 |
| Actuarial (gain) | 57 | (51) |
| Benefits paid | (59) | (104) |
| **Projected benefit obligation at the end of the year** | **844** | **716** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning of the year | 193 | 132 |
| Investment income | 11 | - |
| Employer contributions | 53 | 152 |
| Benefits paid | (59) | (104) |
| Actuarial gain | (7) | 13 |
| **Fair value of plan assets at the end of the year** | **190** | **193** |
| **Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised** | | |
| Present value of projected benefit obligation at the end of the year | 844 | 716 |
| Fair value of plan assets at the end of the year | 190 | 193 |
| **Liability recognized in the balance sheet** | **654** | **523** |
| **Thereof** | | |
| Funded | 190 | 193 |
| Unfunded | 564 | 523 |
| **Components of net gratuity costs are** | | |
| Current service cost | 93 | 90 |
| Interest cost | 26 | 52 |
| **Total amount recognised in the statement of profit or loss** | **119** | **142** |
| Actuarial (gain) / Loss | 64 | (64) |
| Total amount recognised in other comprehensive income | 64 | (64) |
| **Net gratuity cost** | **183** | **78** |
| **Principal actuarial assumptions used :** | | |
| Discount rate | 4.65% | 5.10% |
| Long-term rate of compensation increase | 6.00% | 6.00% |
| Expected rate of return on plan assets | 7.27% | 7.27% |
| Average remaining life (in years) | 21.69 | 22.67 |
| Attrition rate | | |
| Upto 30 years | 50.00% | 50.00% |
| 31 to 44 years | 33.00% | 33.00% |
| Above 44 years | 20.00% | 20.00% |

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Based on historical data, the Company expects contributions of ₹ 729 lakhs to be paid in 2021-22. The weighted average duration of the defined benefit obligation as at 31 March 2021 is 3 years (31 March 2020: 3 years).

**Employee benefits - Maturity profile (undiscounted)**

| Particulars | Less than a Year | Between 2-5 Years | Between 6-10 years | Over 10 year | Total |
|---|---|---|---|---|---|
| **31 March 2021** | | | | | |
| Defined benefit obligation | 272 | 486 | 192 | 39 | 989 |
| **31 March 2020** | | | | | |
| Defined benefit obligation | 213 | 442 | 170 | 34 | 858 |

₹ in Lakhs

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2021.

| | Attrition rate | | Discount rate | | Future salary increases | |
|---|---|---|---|---|---|---|
| | increases | Decrease | increases | Decrease | increases | Decrease |
| **31 March 2021** | | | | | | |
| > Sensitivity Level | 0.50% | 0.50% | 1% | 1% | 1% | 1% |
| > Defined benefit obligation | (32) | 57 | (27) | 28 | 27 | (26) |
| **31 March 2020** | | | | | | |
| > Sensitivity Level | 0.50% | 0.50% | 1% | 1% | 1% | 1% |
| > Defined benefit obligation | (28) | 48 | (22) | 25 | 24 | (21) |

**(ii) Compensated absences**

The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences.

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| | **Principal actuarial assumptions used** | | |
| | Discount rate | 4.65% | 5.10% |
| | Long-term rate of compensation increase | 6.00% | 8.00% |
| | Attrition rate | | |
| | Upto 30 years | 50.00% | 50.00% |
| | 31 to 44 years | 33.00% | 33.00% |
| | Above 44 years | 20.00% | 20.00% |
| **b)** | **Provision for warranty** | | |
| | Balance at the beginning of the year | 31 | 103 |
| | Reversed during the year | (8) | (72) |
| | **Balance at the end** | **23** | **31** |

A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Company's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Company's warranty terms which provides for a warranty period of about 36 months.

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **21** | **Trade payables** | | |
| | Total outstanding dues of micro and small enterprises* | 710 | 49 |
| | Total outstanding dues of creditors other than micro and small enterprises | 4,732 | 4,935 |
| | | **5,442** | **4,984** |
| **a)** | **Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:** | | |
| i) | Principal amount remaining unpaid | 710 | 49 |
| ii) | Interest due thereon | - | - |
| iii) | Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year | - | - |
| iv) | Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| v) | Interest accrued and remaining unpaid as at balance sheet date | - | - |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |
| | **710** | **49** |

*The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 and 31 March 2020 has been made in the financials statements based on information received and available with the Company. Further, the Company has not paid any interest to any micro and small enterprises during the current year and previous year.

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **22** | **Other financial liabilities** | | |
| | **Financial liabilities at amortised cost** | | |
| | **Current** | | |
| | Current maturities of finance lease obligations (Also refer note 18) | 17 | 17 |
| | Current maturities of long term borrowing (Also, refer note 18) | 4,369 | - |
| | Employee related payables | 480 | 650 |
| | Other accrued liabilities | 1,058 | 1,215 |
| | **Total financial liabilities** | **5,924** | **1,882** |
| **23** | **Other current liabilities** | | |
| | Statutory dues | 173 | 354 |
| | Unearned revenue | 2,089 | 1,986 |
| | | **2,262** | **2,340** |

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **24** | **Revenue from operations** | | |
| | Sale of goods | 12,128 | 14,338 |
| | Sale of services (Also, refer note 37 (b)) | 20,495 | 20,714 |
| | Other operating income | 10 | 8 |
| | **Revenue from operations** | **32,633** | **34,520** |
| **25** | **Other income** | | |
| | Liabilities no longer required written back ** | 150 | 418 |
| | Interest income from financial assets at amortised cost | 52 | 78 |
| | Unwinding of discount on deposits | 23 | 50 |
| | Net gain on foreign currency transactions & translations | 34 | 94 |
| | Interest on income tax refund | 177 | 35 |
| | Other non-operating income | 26 | 48 |
| | Bonus on maturity of keyman insurance policy | - | 81 |
| | Bad debts recovered | - | 79 |
| | | **462** | **883** |

**During the year, the management has assessed the long outstanding payables and accrued liabilities as at 31 March 2021 and in the absence of any claims made by these vendors, the liabilities were written back to the statement of profit and loss amounting to ₹ 150 lakhs (31 March 2020: ₹ 418 lakhs).

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **26** | **Cost of raw materials consumed** | | |
| | Opening stock (Net of provision) | 47 | 44 |
| | Add : Purchases during the year | 39 | 228 |
| | Less: Closing stock (Net of provision) | (16) | (47) |
| | | **70** | **225** |

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| 27 | **Purchases of stock-in-trade & stores and spares** | | |
| | Purchases of stock-in-trade & stores and spares | 11,988 | 13,138 |
| | | **11,988** | **13,138** |
| 28 | **Changes in inventories of stock-in-trade and stores and spares** | | |
| | Opening stock: | | |
| | Stock-in-trade | 67 | 168 |
| | Stores and spares | 962 | 1,225 |
| | Less: Provision for inventories | (361) | (437) |
| | | **668** | **956** |
| | Closing stock: | | |
| | Stock-in-trade | 65 | 67 |
| | Stores and spares | 1,166 | 962 |
| | Less: Provision for inventories | (651) | (361) |
| | | **580** | **668** |
| | **Net decrease in inventories** | **88** | **288** |
| 29 | **Employee benefits expense** | | |
| | Salaries and wages (Also, refer note 37(b)) | 8,334 | 7,818 |
| | Gratuity expense (Also, refer note 20(a)) | 119 | 142 |
| | Contribution to provident and other defined contribution funds | 423 | 424 |
| | Staff welfare expenses | 51 | 97 |
| | | **8,927** | **8,481** |
| 30 | **Impairment loss** | | |
| | Provision/write-off of loan to related party (Also refer note 30(b)) | - | 6 |
| | Allowances for credit loss in trade receivables | - | 444 |
| | Impairment of investments (Also refer note below) | 373 | 169 |
| | | **373** | **619** |

a) The Company has an investment of ₹ 373 Lakhs in a subsidiary named Inspirisys Solutions North America Inc, USA (ISNA) as on 31 March 2021. ISNA the wholly owned subsidiary of Inspirisys Solutions Ltd (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The company continues to have onsite employees placed on various customer projects and have continuing contracts for onsite and offshore work. The Company had in accordance with Ind AS 36 - "Impairment of Assets", carried out impairment assessment of its investment in ISNA. The Company has performed the impairment assessment and determined the value in use based on estimated cash flow projections. The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared for ISNA. The assessment of the assumptions used in estimating the impact of impairment, combined with the significant impact of the ongoing Covid19 pandemic on the revenues and the discounted cash flows have resulted in the valuation to be marginally higher than the carrying value of the investment in the subsidiary. Considering the significant uncertainties arising from ongoing Covid19 pandemic the Company, as a matter of prudence, has recognised in accordance with Ind AS 36 - Impairment of Assets a provision for the carrying value of investment of ₹373 lakhs in the financial statements as on 31 March 2021.

b) The Company has an investment of ₹ 51 Lakhs in a subsidiary named Network Programs (USA) Inc, USA and an investment of ₹ 118 lakhs in its subsidiary, Inspirisys Solutions Japan Kabushiki Kaisha, the networth of these companies as at March 31, 2020 was negative. The Management of Inspirisys Solutions Limited, have been working on turning around the business for these subsidiaries and make it profitable. However, under the current circumstances and prevailing conditions, management is of the view that business revival will be challenging for these subsidiaries. Further the existing business of Network Programs (USA) Inc., USA, can be managed by the other subsidiary company in the US, Inspirisys Solutions North America Inc., which is marketing the products and services of ISL India, the parent company, in addition to its onsite operations. In order to reduce losses from these subsidiaries and to bring down the compliance costs, the Company took decision to keep the operations of Network Programs (USA) Inc., USA and Inspirisys Solutions Japan Kabushiki Kaisha suspended for the time being. Considering the networth of these subsidiaries are negative, the management, as a matter of prudence, impaired the investments in these subsidiaries to the tune ₹ 169 lakhs during the previous year. Also, the Company has written-off the loans advanced to the Inspirisys Solutions IT Resources Limited to the tune of ₹ 6 Lakhs during the previous year ended 31 March 2020.

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **31** | **Other expenses** | | |
| | Sub-contracting and outsourcing cost | 6,742 | 6,036 |
| | Rent (Also refer note 36) | 494 | 515 |
| | Legal and professional fees | 938 | 902 |
| | Travelling and conveyance | 238 | 533 |
| | Freight and forwarding | 94 | 231 |
| | Communication expenses | 240 | 226 |
| | Power and fuel | 136 | 200 |
| | Insurance | 130 | 98 |
| | Management fee (Also, refer note 37(b)) | 82 | 92 |
| | Rates and taxes | 124 | 54 |
| | Repairs and maintenance | | |
| | - Others | 61 | 81 |
| | - Equipment's | 3 | 6 |
| | - Leased premises | 297 | 364 |
| | Printing and stationery | 17 | 49 |
| | Payments to auditors* | | |
| | Statutory audit | 42 | 42 |
| | Limited review | 5 | 5 |
| | Reimbursement of expenses | 1 | 1 |
| | Marketing Fee | 206 | - |
| | Directors' sitting fees | 16 | 16 |
| | Corporate Social Responsibility expenses (Also, refer note 42) | 21 | 1 |
| | Miscellaneous expenses | 157 | 211 |
| | | **10,044** | **9,663** |

** excluding applicable taxes*

| | | | |
|---|---|---|---|
| **32** | **Finance costs** | | |
| | Interest expenses | 576 | 1,112 |
| | Other borrowing costs | 120 | 63 |
| | Exchange differences regarded as an adjustment to borrowing costs | - | 81 |
| | | **696** | **1,256** |
| **33** | **Depreciation and amortization expense** | | |
| | Depreciation of tangible assets (Also, refer note 4) | 222 | 235 |
| | Amortization of intangible assets (Also, refer note 4) | 149 | 156 |
| | Depreciation of right-of-use asset (Also, refer note 5) | 298 | 373 |
| | | **669** | **764** |

**34 Income taxes**

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 16.69% (2019-20: 16.69%) and the reported tax expense in the statement of profit and loss are as follows:

| | | |
|---|---|---|
| Accounting profit before taxes | 240 | 969 |
| Enacted tax rates** | 16.69% | 16.69% |
| Tax on profit at enacted tax rate | 40 | 162 |
| **Tax Impact on the following items:** | | |
| - Expenses not deductible for tax | 152 | 150 |
| **Actual tax expense** | **192** | **312** |
| Current tax | 192 | 312 |
| **Tax expense reported in the statement of profit and loss** | **192** | **312** |

**The effective tax rate considered is 16.69% (previous year 16.69%) because the Company is subject to minimum alternate tax in the current and previous year.

The Company has evaluated the impact of "Appendix C to Ind AS-12: Uncertainty over Income Tax Treatments" during the previous year and it was concluded that it is not probable that the taxation authority will accept uncertain tax treatment. Hence,



Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

the probable impact on account of the same was determined prudently based on the management's estimate and judgement to the tune of ₹ 18 lakhs. The major judgements and estimates are involved with respect to assessment of the mostly likely outcome relating to the following uncertain tax treatment:

a) Expenses relating to application software
b) Expenses relating to prior period item
c) Expenses relating to 14A expenditure
d) Amount deductible under section 80IB of the Income Tax Act

The appendix has been applied retrospectively with the cumulative effect of initially applying the effect of the changes being recognised in the opening balance of retained earnings without adjusting comparative information.

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **34** | **Earnings per equity share** | | |
| | Nominal value of equity shares (in ₹) | 10 | 10 |
| | Profit attributable to equity shareholders (A) | 48 | 657 |
| | Weighted average number of equity shares outstanding during the year (B) | 397.25 | 384.03 |
| | Basic and diluted earnings per equity share (A/B) (in ₹) | 0.12 | 1.72 |

**36 Leases**

The Company has lease contracts for office premises and these lease contracts are cancellable/renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116 .

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Lease expense during the year, representing the minimum lease payments | 494 | 515 |

**37 Related parties**

**a) Names of related parties and nature of relationship**

| Name of related party | Nature of relationship |
|---|---|
| CAC Holdings Corporation, Tokyo, Japan | Holding company |
| CAC Corporation, Tokyo, Japan | Fellow subsidiary |
| CAC America Corporation | Fellow subsidiary |
| Inspirisys Solutions DMCC, Dubai | Subsidiary |
| Inspirisys Solutions Japan Kabushiki Kaisha | Subsidiary |
| Network Programs (USA) Inc., USA | Subsidiary |
| Inspirisys Solutions North America Inc., | Subsidiary |
| Inspirisys Solutions IT Resources Limited | Subsidiary |
| Inspirisys Solutions Europe Limited, UK | Subsidiary |
| Malcolm F. Mehta, Chairman and Chief Executive Officer | Key Management Personnel (KMP) |
| Murali Gopalakrishnan, Chief Financial Officer | Key Management Personnel (KMP) |
| S Sundaramurthy, Company Secretary | Key Management Personnel (KMP) |
| Rajesh Ramniklal Muni | Independent director |
| Ruchi Naithani | Independent director |
| Raj Khalid | Independent director |
| Koji Iketani | Non Independent, Non Executive director |
| M S Jagan | Independent director |


Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

**b) Transactions with related parties**

| Name of the related party | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Sale of services** | | |
| CAC Holdings Corporation, Tokyo, Japan | 130 | 149 |
| Network Programs (USA) Inc., USA | - | 12 |
| Inspirisys Solutions North America Inc., | 452 | 1,129 |
| CAC America Corporation | 127 | 116 |
| Inspirisys Solutions DMCC, Dubai | 244 | 58 |
| **Interest expense** | | |
| CAC Holdings Corporation, Tokyo, Japan | 233 | 316 |
| **Reimbursements** | | |
| CAC Holdings Corporation, Tokyo, Japan | 181 | 274 |
| CAC Corporation, Tokyo, Japan | 56 | 122 |
| Inspirisys Solutions North America Inc., | 206 | 99 |
| **Advances** | | |
| Inspirisys Solutions IT Resources Limited | - | 6 |
| **Interest income** | | |
| Inspirisys Solutions DMCC, Dubai | 17 | 17 |
| **Remuneration*** | | |
| Malcolm F. Mehta # | 278 | 274 |
| Murali Gopalakrishnan | 84 | 80 |
| S Sundaramurthy | 22 | 21 |
| Raj Khalid | 4 | 6 |
| Rajesh Ramniklal Muni | 5 | 5 |
| Ruchi Naithani | 5 | 5 |
| M.S. Jagan | 2 | - |
| **Management fees** | | - |
| CAC Holdings Corporation, Tokyo, Japan | 82 | 92 |
| **Sub-contracting and outsourcing cost** | | |
| CAC Corporation, Tokyo, Japan | 72 | 71 |

*Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Company as a whole and accordingly is not identifiable separately for the KMPs.

##Of the above ₹ 172 Lakhs (31st March 2020 ₹ 274 lakhs) was reimbursed by M/s. CAC Holdings Corporation, Japan. The remuneration amounting to ₹ 106 lakhs paid for the period from October 1, 2020 to March 31, 2021 has been charged to the P&L of the Company which was duly approved by the Shareholders of the Company at the Annual General Meeting of the Company on 16th September, 2020.

c) **Balance with related parties**

| Name of the related party | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Advances/ Amount recoverable** | | |
| CAC Holdings Corporation, Tokyo, Japan | 12 | - |
| CAC Corporation, Tokyo, Japan | - | - |
| Inspirisys Solutions DMCC, Dubai | 257 | 244 |
| Inspirisys Solutions IT Resources Limited | - | 6 |
| Inspirisys Solutions Europe Limited, UK | 54 | 54 |
| **Loans Payable** | | |
| CAC Holdings Corporation, Tokyo, Japan | 4,369 | 4,481 |
| **Trade receivables** | | |
| CAC Holdings Corporation, Tokyo, Japan | - | - |
| Network Programs (USA) Inc., USA | 195 | 200 |
| Inspirisys Solutions North America Inc., | 3,200 | 3,080 |
| Inspirisys Solutions Europe Limited, UK | - | - |
| Inspirisys Solutions DMCC, Dubai | 260 | 47 |
| CAC America Corporation | 26 | - |
| **Unbilled revenue** | | |
| Inspirisys Solutions North America Inc., | 64 | 32 |
| Inspirisys Solutions DMCC, Dubai | 35 | - |
| CAC America Corporation | 9 | 13 |
| **Management fees payable** | | |
| CAC Holdings Corporation, Tokyo, Japan | 82 | 92 |
| **Guarantee received** | | |
| CAC Holdings Corporation, Tokyo, Japan | 25,500 | 25,500 |
| # guarantees worth 7000 Lacs expired on 31st March 2021 and is not renewed as on the balance sheet date. | | |
| **Payables** | | |
| CAC Corporation, Tokyo, Japan | 14 | 10 |
| Inspirisys Solutions North America Inc., | 14 | 52 |

d) **Maximum balances outstanding during the year in accordance with Schedule V of SEBI (LODR) Regulations, 2015**

| | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| **Name of the related party** | **Loans received** | **Advances / Amounts recoverable** | **Loans received** | **Advances / Amounts recoverable** |
| CAC Holding Corporation, Tokyo, Japan | 4,481 | 27 | 4,481 | 27 |
| CAC Corporation, Tokyo, Japan | - | - | - | 1 |
| Inspirisys Solutions DMCC, Dubai | - | 257 | - | 244 |
| Inspirisys Solutions IT Resources Limited | - | 6 | - | 6 |
| Inspirisys Solutions Europe Limited, UK | - | 54 | - | 54 |

Notes forming part of Standalone Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**38 Fair value measurement**

**a) Financial instruments by category**

| | As at 31 March 2021 | | | As at 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | **Amortized cost** | **Total carrying value** | **Fair value @** | **Amortized cost** | **Total carrying value** | **Fair value @** |
| **Financial assets** | | | | | | |
| Investment* | - | - | - | - | - | - |
| Trade receivables, net | 10,897 | 10,897 | 10,897 | 12,222 | 12,222 | 12,222 |
| Cash and cash equivalents | 2,697 | 2,697 | 2,697 | 1,222 | 1,222 | 1,222 |
| Bank balances | 772 | 772 | 772 | 833 | 833 | 833 |
| Loans | 259 | 259 | 259 | 244 | 244 | 244 |
| Other financial assets | 834 | 834 | 834 | 919 | 919 | 919 |
| **Total financial assets** | **15,459** | **15,459** | **15,459** | **15,440** | **15,440** | **15,440** |
| **Financial liabilities** | | | | | | |
| Borrowings | 7,216 | 7,216 | 7,216 | 10,257 | 10,257 | 10,257 |
| Lease liabilities | 604 | 604 | 604 | 893 | 893 | 893 |
| Trade payables | 5,442 | 5,442 | 5,442 | 4,984 | 4,984 | 4,984 |
| Other financial liabilities | 1,555 | 1,555 | 1,555 | 1,882 | 1,882 | 1,882 |
| **Total financial liabilities** | **14,817** | **14,817** | **14,817** | **18,016** | **18,016** | **18,016** |

* Does not include Investment which are accounted at cost in accordance with Ind AS 27.

@ Management considers amortised cost for financial asset and liabilities to approximate the fair value.The company does not have any assets measured at FVOCI.

**b) Fair value measurement hierarchy**

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain financial assets which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

> **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

> **Level 3:** Unobservable inputs for the asset or liability.

Investment in Telesis Global Solutions Limited, India is valued at the amount invested as sufficient more recent information is not available to measure fair value and the cost is considered to be the best estimate of the fair value for these securities. The management had impaired the investment hence there is no carrying value for this investment.

* Does not include Investment in subsidiaries which are accounted at cost in accordance with Ind AS 27.

**c) Interest-bearing loans and borrowings:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **a) Interest-bearing loans and borrowings:** | | |
| Floating rate borrowings | 4,369 | 4,481 |
| Fixed rate borrowings | 2,864 | 5,793 |

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

Loans, cash and bank balances, trade receivables, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

Notes forming part of Standalone Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**39 Financial risk management**

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, investments, cash and deposits that derive directly from its operations.

The Company is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**a) Market risk**

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**b) Interest rate risk**

IInterest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings except for the borrowings from the Holding Company which is charged at LIBOR + 4%.

**c) Interest rate sensitivity**

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2021 and 31 March 2020. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

| | | Profit before tax for the | |
|---|---|---|---|
| | **Interest rate fluctuation** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
| Increase in interest rate / (Decrease) in profit for the year | +1% | 43.69 | 44.81 |
| (Decrease) in interest rate / Increase in profit for the year | -1% | (43.69) | (44.81) |

**d) Foreign currency risk**

Most of the Company's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD), United Arab Emirates dirham (AED) and Great Britain Pound (GBP). The Company's foreign currency exposure is predominantly against the group and related entities.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

| | Foreign currency exposure (in ₹) | | |
|---|---|---|---|
| **Particulars** | **USD** | **GBP** | **AED** |
| **31 March 2021** | | | |
| Financial assets | 4,765 | 70 | 30 |
| Financial liabilities | 4,370 | - | - |
| **31 March 2020** | | | |
| Financial assets | 4,122 | 69 | 15 |
| Financial liabilities | 4,518 | - | - |

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/₹ exchange rate, AED/ ₹ exchange rate and GBP/ ₹ exchange rate , 'all other things being equal'. It assumes a +/- 1% change of the USD/₹ exchange rate for the year ended at 31 March 2021 (31 March 2020: +/-1%), +/- 1% change of the AED/₹ exchange rate for the year ended 31 March 2021 (31 March 2020:+/- 1%) and a +/- 1% change is considered for the GBP/₹ exchange rate for the year ended at 31 March 2021 (31 March 2020: +/-1%).

If the ₹ had strengthened against the USD by 1% during the year ended 31 March 2021 (31 March 2020: 1%), AED by 1% during the year ended 31 March 2021 (31 March 2020: 1%) and GBP by 1% during the year ended 31 March 2021 (31 March 2020: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

₹ in Lakhs

| Particulars | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Profit before tax** | | | |
| USD | -1% | (4) | (4) |
| GBP | -1% | (1) | 1 |
| AED | -1% | (3) | - |
| **Equity before tax** | | | |
| USD | +1% | (4) | (4) |
| GBP | +1% | (1) | (1) |
| AED | +1% | (3) | - |

If the ₹ had weakened against the USD by 1% during the year ended 31 March 2021 (31 March 2020: 1%) and GBP by 1% during the year ended 31 March 2021 (31 March 2020: 1%) respectively then there would an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

**e) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting period, as summarised below:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Classes of financial assets** | | |
| Trade receivables | 10,897 | 12,222 |
| Cash and bank balance | 3,469 | 2,055 |
| Loans | 259 | 244 |
| Other Financials assets | 834 | 919 |

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and bank balances are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits, security deposits and loans which are given to landlords or other governmental agencies in relation to contracts executed and related parties are assessed by the Company for credit risk on a continuous basis.

**f) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and bank's short term credit facilities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade receivables are all contractually due within twelve months except for retention and long term trade receivables which are governed by the relevant contract conditions.

Notes forming part of Standalone Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at 31 March, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

| As at 31 March 2021 | Current | | Non Current |
|---|---|---|---|
| **Particulars** | **Within 6 months** | **6 to 12 months** | **1 to 5 years** |
| Borrowings | 7,178 | 9 | 47 |
| Lease Liabilities | 112 | 91 | 401 |
| Trade and other payables | 5,442 | - | - |
| Other financial liabilities | 5,924 | - | - |
| **As at 31 March 2020** | | | |
| Borrowings | 5,722 | 9 | 4,544 |
| Lease Liabilities | 144 | 150 | 599 |
| Trade and other payables | 4,984 | - | - |
| Other financial liabilities | 1,882 | - | - |

**40 Contingent liabilities**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Sales tax | 411 | 476 |
| Income tax | 1,717 | 1,717 |
| Customs duty | 236 | 236 |
| Others | 189 | 189 |
| | **2,553** | **2,618** |

**41 Commitments**

The Company did not have any capital commitments as at 31 March 2021 and 31 March 2020. Other commitments are cancellable at the option of the company and hence not disclosed.

**42 Corporate Social Responsibility**

Amount required to be spent as per section 135 of the Act and the amount spent are as detailed below:

| | In cash | Yet to be paid | Total |
|---|---|---|---|
| **For the Year ended 31 March 2021** | | | |
| On Construction/acquisition of any asset | - | - | - |
| On purposes other than as specified above | 21 | - | 21 |
| **For the Year ended 31 March 2020*** | | | |
| On Construction/acquisition of any asset | - | - | - |
| On purposes other than as specified above | 1 | - | 1 |

* A CSR Committee has been formed by the Company as per the Act during the previous year.

**43 Events after the reporting period**

Uncertainties relating to the global health pandemic from COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India which is now going through the second wave. This has impacted the economic activity and has disrupted businesses across all sectors. The Government has extended the various measures to combat the virus including lock down that continues. Overall operations of the Company both in India and other geographies where the Company operates has been curtailed considerably since March 2020. This is reflected in the business performance across all geographies. The continuing impact of COVID-19 on the Company's operations and financial performance is dependent on how the situation evolves, which under the current circumstances is highly uncertain. The Company has, to the extent possible, considered the likely effects due to the COVID-19 pandemic in the preparation of these financial results for the year ended 31 March 2021.

As per the Company's assessment which is based on the use of internal and external sources of information, the Company does not expect any significant impact on carrying amounts of financial and non-financial assets. The Company will continue to monitor changes in future economic conditions and take appropriate actions. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

The Company is following the Government protocols on workplace safety, work-from-home and back-to-office guidelines.

**Notes 1 to 43 form an integral part of these standalone financial statements**

In terms of our report attached

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No : 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

**FORM AOC - 1**

**(PURSUANT TO FIRST PROVISO TO SUB SECTION(3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)**

**STATEMENT CONTAINING SAILENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES.**

₹ in Lakhs

| Sl. No. | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Name of the Subsidiary | Inspirisys Solutions DMCC | Inspirisys Solutions North America Inc | Inspirisys Solutions Europe Limited | Inspirisys Solutions Japan KK | Network Programs USA Inc | Inspirisys Solutions IT Resources Limited |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | As on 31-03-2021 | As on 31-03-2021 | As on 31-03-2021 | As on 31-03-2021 | As on 31-03-2021 | As on 31-03-2021 |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | AED - Exchange Rate as on 31-03-2021 - 19.91 | USD - Exchange Rate as on 31-03-2021 - 73.50 | GBP - Exchange Rate as on 31-03-2021 - 100.95 | JPY - Exchange Rate as on 31-03-2021 - 0.66 | USD - Exchange Rate as on 31-03-2021 - 73.50 | INR |
| Share capital | 60 | 481 | 20 | 123 | 37 | 300 |
| Reserves & surplus | (1,888) | (2,613) | (289) | (1,312) | (463) | (265) |
| Total assets | 2,665 | 1,930 | 1 | 4 | 438 | 35 |
| Total Liabilities | 4,493 | 4,062 | 270 | 1,193 | 864 | - |
| Investments | - | - | - | - | - | - |
| Turnover | 6,334 | 2,395 | 22 | - | - | 7 |
| Profit before taxation | (287) | (277) | 1 | (29) | (19) | 1 |
| Provision for taxation | - | - | - | - | - | - |
| Profit after taxation | (287) | (277) | 1 | (29) | (19) | 1 |
| Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil |
| % of shareholding | 100 | 100 | 100 | 100 | 100 | 100 |

For and on behalf of the Board of Directors

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
(DIN: 03277490)

**Rajesh Ramniklal Muni**
Director
(DIN: 00193527)

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

**Independent Auditor's Report**

**To the Members of Inspirisys Solutions Limited**

**Report on the Consolidated Financial Statements**

**Qualified Opinion**

1. We have audited the accompanying consolidated financial statements of Inspirisys Solutions Limited and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2021, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

3. As detailed in Note 7(C) to the standalone financials statement, the holding company has reported an amount of ₹ 3,200 Lakhs as trade receivables from its wholly owned subsidiary, Inspirisys Solutions North America, Inc., USA as at 31 March 2021. Due to non-realization of aforesaid trade receivables within the prescribed time limit in accordance with sub rule 1 of 96A of CGST rules, the holding company is liable to pay Goods and Service Tax (GST) along with interest and penalty on such export sales, for which no liability has been recognized in the accompanying Statement basis management's assessment of realization of the aforesaid outstanding receivable balances. However, in the absence of sufficient appropriate audit evidences, we are unable to comment upon the impact of Goods and Service Tax liability, including penalty and interest that may be levied and the consequential impact thereof, if any, on the accompanying Statement.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below,is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

6. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit matter | How our audit addressed the key audit matter |
|---|---|
| <u>**Recoverability assessment of trade receivables**</u><br>The Holding Company has reported trade receivables of ₹ 12,556 lakhs as at 31 March 2021 and expected credit losses allowance of ₹ 1,659 lakhs as detailed in note 7 of the accompanying consolidated financial statement. . | Our audit procedures in relation to recoverability assessment of trade receivables included but were not limited to the following:<br>• Obtained a detailed understanding of each operating segment's revenue recognition and receivables provisioning policies, design of controls and how they are being applied.<br>• Tested the design and operating effectiveness of controls that the company has established in relation to revenue recognition. |

| Key Audit matter | How our audit addressed the key audit matter |
|---|---|
| Due to customer profile, the Group has significant receivable balances that are past the credit period for the product as well as services operating segments. The management measures expected credit loss on its trade receivables using practical expedient as prescribed by Ind AS 109: 'Financial Instruments', which involves significant management judgements and estimates.<br><br>Considering the materiality of trade receivables balances to the Company's financial statements and the multiple estimates and judgements involved in the estimation of expected credit losses, this matter is considered as a key audit matter for the current year audit. | • On a sample basis, coupled with high value overdue invoices, we rolled out and obtained direct receivables confirmations from the customers of the company having outstanding receivable balances as at an interim date and at balance sheet date, for ensuring the acknowledgement of debt by the customer.<br>• Where direct confirmations were not obtained, subsequent realization of the outstanding invoices and or customer acknowledgement of goods received, or services rendered was assessed to ensure the acknowledgement of debt by the customer.<br>• The expected credit loss model was tested for appropriateness of past data and provisioning matrix used and reasons for other long outstanding balances were also obtained from the management.<br>• We also considered payments received subsequent to year end, past payment history and unusual patterns to identify potentially impaired balances .<br>• In addition, for receivables from subsidiaries, we have evaluated the reasonableness of management's estimates of future cash flows of the subsidiaries and recoverability including performing sensitivity analysis on these cash flow estimates.<br>• Ensured appropriateness and adequacy of disclosures made in the financial statements with respect to the trade receivables and provisioning thereof in accordance with applicable accounting standards. |
| **Impairment assessment of goodwill relating to the investment in subsidiaries**<br><br>The management has noted impairment indicators due to the continued operating losses and negative net worth of the subsidiaries as at 31 March 2021. As detailed note 6 and 29 the group has impaired the goodwill pertaining to acquisition of Inspirisys Solutions North America Inc., amounting to ₹ 98 Lakhs during the year ended 31 March 2021.<br><br>The Group's accounting policy, as detailed in Note 2(f) to the consolidated financial statements, sets out that the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired and if such indication exists, the Group will estimate the recoverable amount of the asset.<br><br>The recoverability of carrying value of investment in subsidiaries is considered an audit risk due to the involvement of significant estimates and judgements by the management in assessing the recoverable value of the investment. Due to the inherent uncertainty involved in forecasting and discounting future cash flows this is one of the key judgement areas for our audit and is therefore considered as a Key audit matter. | Our audit procedures in relation to impairment assessment of goodwill included but was not limited to the following:<br>• Obtained an understanding of the management process and controls for identification of possible impairment indicators and process performed by the management for impairment testing.<br>• Assessed appropriateness of the cash-generating unit determined by the management for impairment testing of goodwill.<br>• Evaluated the independent valuation specialist's professional competence, expertise and objectivity.<br>• Evaluated the subsidiary's budgeting procedures upon which the cash flow forecasts are based and reviewed historical accuracy of budgeting process;<br>• Sensitivity analysis was performed on the key asumptions used in valution.<br>• Evaluated he discount rate and growth rate used in the estimation of recoverable value.<br>• Evaluated the appropriateness of recognition of impairment loss for the year ended 31 March 2021.<br>• Evaluated the appropriateness of disclosures made in the consolidated financial statements in relation to goodwill pertaining to such subsidiary companies in accordance with the applicable accounting standards. |

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

**Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the Group 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

**Auditor's Responsibilities for the Audit of the Financial Statements**

11. 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 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 financial statements.

12. As part of an audit in accordance with Standards on Auditing, 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 control 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the

Group 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 Group to cease to continue as a going concern; and

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group,to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

16. We did not audit the financial statements of six subsidiaries and a branch whose financial statements reflects total assets of ₹ 5,840 Lakhs and net liabilities of ₹ 5,152 Lakhs as at 31 March 2021, total revenues of ₹ 9,287 Lakhs and net cash inflows amounting to ₹ 139 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements has been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Further, the branch is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by branch auditors under generally accepted auditing standards applicable in their respective countries.The Company's management has converted the financial statements of such branch located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion on the financial statements ,in so far as it relates to the balances and affairs of such branch located outside India, is based on the report of branch auditor and the conversion adjustments prepared by the management of the Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries. We report that the Holding Company, its subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

a) We have sought and except for the matters described in the Basis for Qualified Opinion section,obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company.

c) The reports on the accounts of the branch offices of the Holding Company, and its subsidiary companies covered under the Act, audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with in preparing this report.

d) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

e) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the other directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

g) The qualification relating to the maintenace of accounts and other matters connected therwith are as stated in the Basis for Qualified Opinion section.

h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure A; and

i) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 40 to the consolidated financial statements;

ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended 31 March 2021;

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 21206931AAAABJ6097

**Place:** Chennai
**Date:** 10 May 2021

**Annexure - I**

**List of subsidiaries included in the statement**

1. Inspirisys Solutions DMCC, UAE
2. Inspirisys Solutions Japan Kabushiki Kaisha
3. Network Programs (USA) Inc., USA
4. Inspirisys Solutions North America Inc., USA
5. Inspirisys Solutions IT Resources Limited, India
6. Inspirisys Solutions Europe Limited, UK

**Annexure A, to the Independent Auditor's Report of even date to members of Inspirisys Solutions Limited on the consolidated financial statements for the year ended 31st March 2021.**

**Independent Auditor's Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Inspirisys Solutions Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companieswhich are companies covered under the Act, as at that date.

**Responsibilities of Management and those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, and its subsidiary companies,which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based onthe Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Company's business, including adherence to the Company's policies, 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements,and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, as aforesaid.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis of Qualified opinion**

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2021:

a) The Company's internal financial controls system with respect to provisioning of Goods and Service Tax liability in accordance with sub rule 96A of CGST rules on receivables from affiliates, were not operating effectively, which has resulted or could have potentially resulted in a material misstatement in the value of Goods and Service Tax liability including interest and penalty if any, Balance with government authority and its consequential impact on corresponding earnings and reserves and surplus including applicable disclosures.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

9. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as of 31 March 2021, 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 and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2021.

10. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2021, and this material weakness has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

**Other Matters**

11. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 35 Lakhs and net assets of ₹ 35 Lakhs as at 31 March 2021, total revenues of ₹ 7 Lakhs and net cash outflows amounting to ₹ 0.94 Lakhs for the year ended on that date, as considered in the consolidated financial statements, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditors whose reporthave been furnished to us by the management andour report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act insofar as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No.:206931
UDIN: 21206931AAAABJ6097

**Place:** Chennai
**Date:** 10 May, 2021

inspiriSYS Solutions Limited

## Consolidated Balance Sheet as at 31 March 2021

₹ in Lakhs

| Particulars | Note No. | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| - Tangible assets | 4 | 562 | 571 |
| - Intangible assets | | 54 | 187 |
| - Goodwill | | 542 | 640 |
| - Intangible assets under development | | 426 | 235 |
| Right-of-use assets | 5 | 525 | 833 |
| Financial assets | | | |
| - Investments | 6 | - | - |
| - Trade receivables | 7 | 38 | 28 |
| - Bank balances | 8 | 772 | 833 |
| - Other financial assets | 9 | 374 | 625 |
| Deferred tax assets (net) | 10 | - | - |
| Income tax assets (net) | 11 | 3,644 | 5,409 |
| Other non-current assets | 12 | 520 | 750 |
| | | **7,457** | **10,111** |
| **Current assets** | | | |
| Inventories | 13 | 597 | 996 |
| Financial assets | | | |
| - Trade receivables | 7 | 9,376 | 13,285 |
| - Cash and cash equivalents | 14 | 3,082 | 1,538 |
| - Other financial assets | 9 | 496 | 349 |
| Other current assets | 12 | 3,738 | 4,431 |
| | | **17,289** | **20,599** |
| **TOTAL ASSETS** | | **24,746** | **30,710** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 3,962 | 3,962 |
| Other equity | 16 | (2,434) | (2,198) |
| **Total equity** | | **1,528** | **1,764** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 17 | 286 | 5,792 |
| - Lease liabilities | 18 | 379 | 599 |
| Provisions | 19 | 838 | 789 |
| | | **1,503** | **7,180** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 17 | 3,309 | 7,211 |
| - Lease liabilities | 18 | 225 | 294 |
| - Trade payables | | | |
| Total outstanding dues of micro and small enterprises | 20 | 710 | 49 |
| Total outstanding dues of creditors other than micro and small enterprises | 20 | 5,225 | 5,664 |
| - Other financial liabilities | 21 | 8,125 | 3,661 |
| Other current liabilities | 22 | 3,853 | 4,756 |
| Provisions | 19 | 267 | 131 |
| | | **21,714** | **21,766** |
| **TOTAL LIABILITIES** | | **23,218** | **28,946** |
| **Total equity and liabilities** | | **24,746** | **30,710** |

**Notes 1 to 44 form an integral part of these consolidated financial statements**

This is the Consolidated balance sheet referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Consolidated Statement of Profit and Loss for the year ended 31 March 2021

₹ in Lakhs

| Particulars | Note No. | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations | 23 | 40,370 | 45,849 |
| Other income | 24 | 542 | 977 |
| **Total revenue** | | **40,912** | **46,826** |
| **EXPENSES** | | | |
| Cost of raw materials consumed | 25 | 70 | 225 |
| Purchases of stock-in-trade and stores and spares | 26 | 13,035 | 15,109 |
| Changes in inventories of stock in trade and stores and spares | 27 | 369 | 288 |
| Employee benefits expense | 28 | 12,541 | 12,590 |
| Impairment losses | 29 | 155 | 590 |
| Other expenses | 30 | 13,152 | 15,276 |
| **Total expenses** | | **39,322** | **44,078** |
| **Earnings before finance cost, depreciation and amortization expenses** | | **1,590** | **2,748** |
| Finance costs | 31 | 991 | 1,414 |
| Depreciation and amortization expense | 32 | 693 | 781 |
| (Loss) / Profit before tax | | (94) | 553 |
| **Tax expense** | | | |
| Current tax | 33 | 192 | 312 |
| Deferred Tax | 10 | - | - |
| **(Loss)/ Profit for the year** | | **(286)** | **241** |
| **Other comprehensive income** | | | |
| **i) Items that will not be reclassified to profit and loss** | | | |
| - Re-measurement (gains) / loss on defined benefit plans | | (64) | 64 |
| - Income tax relating to items that will not be reclassified to profit and loss | | 13 | (11) |
| **ii) Items that will be reclassified to profit or loss** | | | |
| - Exchange difference on translation of foreign subsidiaries and branch | | 94 | (406) |
| - Income tax relating to translation of foreign operations | | 7 | - |
| **Other comprehensive income for the year, net of tax** | | **50** | **(353)** |
| **Total comprehensive income for the year** | | **(236)** | **(112)** |
| **Profit attributable to:** | | | |
| Owners of the Company | | (286) | 241 |
| Non-controlling interest | | - | - |
| | | **(286)** | **241** |
| **Other comprehensive income attributable to:** | | | |
| Owners of the Company | | 50 | (353) |
| Non-controlling interest | | - | - |
| | | 50 | (353) |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | (236) | (112) |
| Non-controlling interest | | - | - |
| | | (236) | (112) |
| **Earnings per equity share for the year** | | | |
| **Basic and diluted (in ₹)** | 34 | **(0.72)** | **0.63** |
| **Nominal value of equity shares (in ₹)** | | **10** | **10** |

**Notes 1 to 44 form an integral part of these consolidated financial statements**

This is the Consolidated balance sheet referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

₹ in Lakhs

| | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| (Loss) / Profit before tax | (94) | 553 |
| **Adjustments for:** | | |
| Depreciation and amortization expense | 693 | 781 |
| Interest expense (including changes in financial instruments) | 991 | 1,271 |
| Interest income | (46) | (99) |
| Impairment losses | 155 | 590 |
| Net unrealised foreign exchange (gain) / loss | (106) | 357 |
| Provision for gratuity and compensated absences | 145 | 55 |
| Provision for inventory obsolescence | 292 | 226 |
| Profit on sale of property, plant and equipment | (2) | (2) |
| Bad debts recovered | - | (79) |
| Reversal of provision for warranty | (8) | (72) |
| Liabilities no longer required written back | (142) | (528) |
| Interest on income tax refund | (177) | (35) |
| **Operating profit before working capital changes** | **1,701** | **3,018** |
| **Adjustments for:** | | |
| (Decrease) in trade payables | (468) | (4,291) |
| Increase / (Decrease) in other financial liabilities | 235 | (130) |
| (Decrease) in other current liabilities | (938) | (1,053) |
| (Increase) / Decrease in inventories | (174) | 59 |
| Decrease in trade receivables | 3,797 | 7,327 |
| Decrease in other financial assets | 125 | 43 |
| Decrease / (Increase) in other non-current assets | 230 | (217) |
| Decrease in other current assets | 835 | 579 |
| Cash generated from operating activities | 5,343 | 5,335 |
| Direct taxes refund received / (paid), net | 1,770 | (1,097) |
| **Net cash generated from operating activities** | **7,113** | **4,238** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (456) | (492) |
| Proceeds from sale of property, plant and equipment | 2 | 2 |
| Interest received | 43 | 60 |
| Net movement in bank deposits | 61 | 133 |
| **Net cash (used) in investing activities** | **(350)** | **(297)** |
| **C. Cash flow from financing activities** | | |
| Repayment of short term borrowings, net | (3,889) | (5,294) |
| (Repayment of) / Proceeds from long term borrowings | (16) | 177 |
| Proceeds from issue of equity shares | - | 3,055 |
| Payment of lease liabilities (including interest) | (374) | (405) |
| Transfer to Investor Education and Protection Fund | - | (1) |
| Interest paid | (932) | (1,169) |
| **Net cash used in financing activities** | **(5,211)** | **(3,637)** |
| **D. Net change in cash and cash equivalents** | **1,553** | **304** |
| E. Cash and cash equivalents at the beginning | 1,538 | 1,180 |
| Effects of foreign currency translation | (9) | 54 |
| **F. Cash and cash equivalents at the end** | **3,082** | **1,538** |
| **Cash and cash equivalents include:** | | |
| Cash on hand | 11 | 8 |
| Balances with banks - in current accounts | 3,071 | 1,530 |
| **Cash and cash equivalents as per note 14** | **3,082** | **1,538** |

**Notes 1 to 44 form an integral part of these consolidated financial statements**

This is the Consolidated balance sheet referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

## Consolidated Financial Statement of Changes in Equity for the year ended 31 March 2021

₹ in Lakhs

| Particulars | Equity share capital | Other Equity | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Reserves and Surplus | | | Accumulated other comprehensive income | | Total other equity | |
| | | General reserve | Retained Earnings | Securities Premium | Foreign currency translation reserves | Other Items | | |
| **Balances as at 01 April 2019** | **3,399** | **859** | **(14,495)** | **9,062** | **123** | **(110)** | **(4,561)** | **(1,162)** |
| Transition Impact on adoption of : | | | | | | | | |
| i) Appendix C to Ind AS 12 (refer note no 33) | - | - | (18) | - | - | - | (18) | (18) |
| **Restated Balances as at 01 April 2019** | **3,399** | **859** | **(14,513)** | **9,062** | **123** | **(110)** | **(4,579)** | **(1,180)** |
| Profit for the year | - | - | 241 | - | - | - | 241 | 241 |
| Other comprehensive income | - | - | - | - | (406) | **53** | (353) | (353) |
| **Total comprehensive income for the year** | **-** | **-** | **241** | **-** | **(406)** | **53** | **(112)** | **(112)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | | |
| Shares issued during the year | 563 | - | - | - | - | - | - | 563 |
| Securities Premium on equity shares issued | - | | - | 2,493 | - | - | 2,493 | 2,493 |
| **Balances as at 01 March 2020** | **3,962** | **859** | **(14,272)** | **11,555** | **(283)** | **(57)** | **(2,198)** | **1,764** |
| Profit for the year | - | - | (286) | - | - | - | (286) | (286) |
| Other comprehensive income | - | - | - | - | 101 | (51) | 50 | 50 |
| **Total comprehensive income for the year** | **-** | **-** | **(286)** | **-** | **101** | **(51)** | **(236)** | **(236)** |
| **Balances as at 31 March 2021** | **3,962** | **859** | **(14,558)** | **11,555** | **(182)** | **(108)** | **(2,434)** | **1,528** |

**Notes 1 to 44 form an integral part of these Consolidated financial statements**

This is the statement of changes in equity referred to in our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No : 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

**1 Background**

Inspirisys Solutions Limited ("Inspirisys" or the Company) and its subsidiaries (collectively referred to as "the Group") was incorporated on 8 June 1995 and is listed on the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). The Group's principal lines of business is IT services which includes, providing system integration solutions comprising network design, hardware and software, IT infrastructure management solutions, warranty management solutions for imported and indigenous equipment, development, implementation and maintenance of software applications. The Registered office of the Group is located at First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk. Chennai - 600 010, Tamil Nadu, India.

**2 Summary of significant accounting policies**

***a) Basis of preparation and presentation of consolidated financial statements***

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments rules issued thereafter.

The financial statements of the Group are prepared in Indian Rupee (₹), which is also the functional currency of the Group. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. 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. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

**Basis of consolidation**

The Consolidated financial statements include the financial statements of the Subsidiary companies as listed below. The financial statements of the subsidiary undertakings forming part of these consolidated financial statements are drawn up to 31 March 2021. Subsidiaries are all entities over which the Holding Company has the ability to control the financial and operating policies. All material intercompany transactions and accounts are eliminated on consolidation.

The company has the following subsidiaries.

| Name | Holding | Abbreviation | Country of incorporation/origin |
|---|---|---|---|
| Inspirisys Solutions DMCC, UAE, | 100% | ISDMCC | Established as a wholly owned subsidiary enterprise as per the license by DMCC, Dubai. |
| Network Programs (USA), Inc., USA | 100% | NPUS | Incorporated under the laws of the State of Delaware, USA. |
| Inspirisys Solutions Japan Kabushiki Kaisha, Japan | 100% | ISJKK | Incorporated under the laws of Japan in Tokyo, Japan. |
| Inspirisys Solutions North America, Inc., USA | 100% | ISNA | Incorporated under the laws of the State of California, USA. |
| Inspirisys Solutions IT Resources Limited, India | 100% | ISITRL | Incorporated under the laws of India. |
| Inspirisys Solutions Europe Limited, UK | 100% | ISEL | Incorporated under the laws of United Kingdom. |

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements and accounting standards as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 .

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

Excess of acquisition cost over the carrying amount of the Parent's share of equity of the acquiree at the date of acquisition is recognized as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve' and classified under 'Reserves and Surplus'. The Parent's share of equity in the subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as at the date of acquisition.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the Parent and its share in the relevant reserves of the subsidiary.

As per Ind AS 110 - Consolidated Financial Statements prescribed under the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary or the Parent having no bearing on the true and fair view of the consolidated financial statements of the group are not disclosed in the consolidated financial statements.

**b) Use of estimates and judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the grouping disclosures, and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***Significant management estimates and judgements***

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

***Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19):***

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

***Classification of leases***

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

***Recognition of deferred tax assets***

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

***Capitalisation of internally developed intangible assets***

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

***Evaluation of indicators for impairment of assets***

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

***Recoverability of advances / receivables***

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

***Defined benefit obligation (DBO)***

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

***Useful lives of depreciable / amortizable assets***

Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

***Inventory***

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

***Fair value measurements***

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 2(r) financial instruments.

**c) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months.

**d) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready or substantially ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains / losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell. Repairs and Maintenance costs are recognized in the Statement of Profit and Loss when incurred.

Property, plant and equipment are depreciated using straight line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

| Particulars | Useful life (years) |
|---|---|
| Computer hardware | 6 |
| Furniture and fittings | 10 |
| Office equipment | 5 |
| Plant and machinery | 15 |
| Leasehold improvements | Over primary Lease term |
| Vehicles - Motor bikes | 5 |
| Vehicles - Motor cars | 5 |

Based on evaluation, the Management believes that the useful lives as given above represent the period over which the Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

**e) Intangible assets**

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Goodwill of the Group is not amortised since the same has a infinite useful life.

A summary of useful life's considered for the intangible assets is as below:

| Particulars | Useful life |
|---|---|
| Software | 7 years |
| Goodwill | Infinite |
| Technical Know-how | 10 years |

**f) Impairment of property, plant and equipment**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life, not subject to amortisation and Intangible assets under development are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**g) Revenue recognition**

The Group earns revenue primarily from Information Technology (IT) services which includes, providing system integration solutions comprising network design, hardware and software, IT Infrastructure management solutions, warranty management solutions for imported and indigenous equipment and development, implementation and maintenance of software applications.

To determine whether to recognise revenue from contracts with customers, the Group follows a 5-step process:

1 Identifying the contract with customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognising revenue when/as performance obligation(s) are satisfied.

A performance obligation is satisfied over time if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced ; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length. Invoicing in excess of revenues are classified as contract liabilities (which we refer to as "unearned revenue").

The Group disaggregates revenue from contracts with customers by nature of offerings (sales and services).

***System Integration (Product / Hardware)***

System Integration division carries out sale of servers, IT and Network related products and software across India based on contracts with the customers. System Integration division also offers a wide range of Multi-function kiosks (MFK), Ticketing Kiosks, and Queue Management Systems.

• Revenue from the sale of distinct manufactured systems and third party supply is recognised when control of the product is transferred to the customer, being the point of time when the product / software is delivered and acknowledged by the customer. In cases where installation services are rendered, the sale and installation service is considered as multiple performance obligations and revenue is recognised separately as and when the delivery and the installation service is performed

***Services (Infra, Security, Cloud and Software)***

Services division provides maintenance services of hardware, software and other network related parts and also outsources certain maintenance contracts to the other service providers. Services division also carries out software development services to its subsidiary in USA and external customers and the same are provided to the customers based on contracts.

• Under fixed price maintenance and support services, the performance obligations relating to the service are satisfied over a period of time and the revenue is recognised on a straight line basis over the period of contract, net of expected liquidated damages or deductions.

• Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

***Warranty Management services (WMS)***

Warranty Management Services division is a vendor agnostic, full-service, warranty management service provider in the field of IT, Telecom, Security surveillance, Home Automation and other areas.

**h) Other income**

Other income is comprised primarily of interest income, dividend income, gain/loss on investments, exchange gain/loss on translation of assets and liabilities.

***Interest income***

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

***Dividend income***

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date.

**i) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable. Inventories are written down for obsolete/slow moving/ non moving items wherever necessary.

**j) Cost recognition**

Costs and expenses are recognised when incurred and have been classified according to their nature. The costs of the Group are broadly categorised in employee benefit expenses, finance cost, depreciation and amortisation expense and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include fees to professional and consultants, rent, outsourcing costs, travel expenses, communication expenses, freight expenses and other miscellaneous expenses. Other miscellaneous expenses is an aggregation of costs which are individually not material such as repairs and maintenance, electricity charges and advertisement and brokerage, etc.

**k) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

***Defined contribution plan***

**(i) Provident fund**

This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Group has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

***Defined benefit plan***

**(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

**(ii) Compensated absences**

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of non vesting benefit. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

***Short-term employee benefits***

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**l) Leases**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

***Short-term leases and leases of low-value assets***

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months and low value lease. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**m) Foreign currency transactions**

***Functional and presentation currency***

The functional currency of the Group is the Indian Rupee. These financial statements are presented in Indian Rupees (₹) (rounded off to nearest lakhs).

***Transactions and translations***

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance sheet date. The gains or losses resulting from such transactions are included in net profit in the Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rates prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rates prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency translations are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

**n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**o) Investments in subsidiaries**

The Group's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**p) Income taxes**

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and 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.

***Current income taxes***

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The current income tax expense includes income taxes payable by the Group and its branches in India and overseas. The current tax payable by the Group in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Group is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Group's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

***Deferred income taxes***

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by 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. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**q) Provisions and contingencies**

***Provisions***

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

***Contingent liabilities***

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

***Contingent assets***

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**r) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortized cost
b. Fair Value Through Other Comprehensive Income (FVTOCI) or
c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

***(i) Financial asset at amortised cost***

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

***(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)***

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e.., share-by-share) basis. If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

**(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

**De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**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 Group's financial liabilities include trade and other payables, loans and borrowings.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

***Gains or losses on liabilities held for trading are recognised in the profit or loss.***

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. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains / loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

***De-recognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

***Equity instruments***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options and buyback of ordinary shares are recognised as a deduction from equity, net of any tax effects.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***Fair value of financial instruments***

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices, and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

**s) Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

***Trade receivables***

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

***Other financial assets***

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

**t) Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

**u) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
  The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

**v) Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks and on hand which are unrestricted for withdrawal and usage. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management..

**w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has identified the following as reportable segments: a) System integration (Products / Hardware) solutions comprising supply, installation, commissioning of network design, hardware, software and related services, b) Services (Infra, Security, Cloud, Software ), c) Warranty management services (WMS). Per Para 4 of Ind AS 108 Operating Segments, when entity's financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Hence segment information is disclosed as part of consolidated financial statements for the year ended 31 March 2021.

**x) Earnings / (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**y) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

**z) Transfer Pricing**

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the financial year ended 31 March 2021 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Group's results.

**3. Recent accounting pronouncements**

**a.** Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

b. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund, Gratuity and Leave liability. The Ministry of Labour and Employment has released draft rules for the Code on Social Security 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The effective date from which the changes are applicable is yet to be notified by the Government. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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**4 Property, plant and equipment and Intangible assets**

₹ in Lakhs

| Particulars | TANGIBLE ASSETS | | | | | | | INTANGIBLE ASSETS | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Leasehold improvements | Plant and machinery | Furniture and electrical fittings | Office equipment | Computers | Vehicles | Total | Goodwill | Softwares | Under develop-ment |
| **Gross block** | | | | | | | | | | |
| **Balance as at 01 April 2019** | **345** | **141** | **159** | **66** | **1,216** | **73** | **2,000** | **1,666** | **1,032** | **86** |
| Additions | 44 | 3 | - | 5 | 161 | 103 | 314 | - | 31 | 149 |
| Deletions | - | - | - | - | - | (10) | (10) | - | - | - |
| Exchange fluctuation | 8 | - | - | 2 | 35 | 1 | 46 | - | - | - |
| **Balance as at 31 March 2020** | **397** | **144** | **159** | **73** | **1,412** | **167** | **2,350** | **1,666** | **1,063** | **235** |
| Additions | 25 | - | 2 | 7 | 193 | - | 227 | - | 20 | 209 |
| Deletions | (12) | - | (12) | - | - | - | (24) | - | - | (18) |
| Exchange fluctuation | 8 | - | - | - | 32 | - | 40 | - | 15 | - |
| **Balance as at 31 March 2021** | **418** | **144** | **149** | **80** | **1,637** | **167** | **2,593** | **1,666** | **1,098** | **426** |
| **Accumulated depreciation/amortization** | | | | | | | | | - | |
| **Balance as at 01 April 2019** | **205** | **51** | **93** | **42** | **1,065** | **36** | **1,492** | **736** | **719** | **-** |
| Charge for the year | 58 | 11 | 20 | 15 | 127 | 22 | 252 | - | 156 | - |
| Impairment loss (Also refer note 29) | - | - | - | - | - | - | - | 289 | - | - |
| Reversal on deletions | - | - | - | - | - | (10) | (11) | - | - | - |
| Exchange fluctuation | 8 | - | - | 2 | 35 | 1 | 46 | 1 | 1 | - |
| **Balance as at 31 March 2020** | **271** | **62** | **113** | **59** | **1,227** | **49** | **1,779** | **1,026** | **876** | **-** |
| Charge for the year | 47 | 11 | 19 | 8 | 125 | 26 | 236 | - | 158 | - |
| Impairment loss (Also refer note 29) | - | - | - | - | - | - | - | 98 | - | - |
| Reversal on deletions | (11) | - | (9) | - | - | - | (20) | - | - | - |
| Exchange fluctuation | 7 | - | - | - | 28 | 1 | 36 | - | 10 | - |
| **Balance as at 31 March 2021** | **314** | **73** | **123** | **67** | **1,380** | **76** | **2,031** | **1,124** | **1,044** | **-** |
| **Net Block** | | | | | | | | | | |
| **Balance as at 31 March 2020** | **126** | **82** | **46** | **14** | **185** | **118** | **571** | **640** | **187** | **235** |
| **Balance as at 31 March 2021** | **104** | **71** | **26** | **13** | **257** | **91** | **562** | **542** | **54** | **426** |

**(a) Property, plant and equipment pledged as security**

The following assets are purchased under finance lease and are secured against the asset purchased (Also refer note 17)

₹ in Lakhs

| Particulars | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Gross block | Net block | Gross block | Net block |
| Vehicles | 134 | 74 | 134 | 100 |
| **Total** | **134** | **74** | **134** | **100** |

**(b) Intangibles under development**

Intangibles under development represents the software which will be used to earn licensing income.

**(c) Goodwill**

The Group has goodwill of indefinite useful life relating to purchase of specific software business and investment into one subsidiary which is monitored based on individual Cash Generating Units (CGU). The useful life of the goodwill is estimated to be indefinite since the economic benefit to be derived from the asset cannot be restricted to definite period. As required by Ind AS, the Group has performed impairment test on a yearly basis using the value in use method. The calculations use cash flow projections based on the financial budgets approved by the management covering a three year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates Following is the key assumptions used by the management to calculate the value in use. The recoverable value of the CGU - “Services division” is more than its carrying value as at 31 March 2021, accordingly no impairment provision has been made for the same during the year.

| Particulars | Services division |
|---|---|
| Sales growth rate (%) | 6-10 |
| Long term growth rate (%) | 2 |
| Budgeted EBIDTA (%) | 19-20 |
| Budgeted EBIT (%) | 16-17 |
| Discount rate (%) | 17.24 |

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumptions | Approach used to determine values |
|---|---|
| Sales growth rate | Average annual growth rate over the three year-year period forecast which is based on past performance and management’s expectations of market development |
| Budgeted EBITDA | Based on past performance and management’s expectations for the future |
| Budgeted EBIT | Based on past performance and management’s expectations for the future |
| Long term growth rate | This is the weighted average growth rate used to extrapolate the cash flows beyond the budget period. The rates are consistent with the forecasts included in industry reports |
| Discount rate | Reflects specific risks relating to the business and the country in which they operate |

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₹ in Lakhs

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 5 | **Right-of-use asset** | | |
| | **Balance at the beginning of the year** | 833 | 1,114 |
| | Additions | - | 85 |
| | Deletion | - | - |
| | Depreciation of Right-of-use asset (Also, refer note 32) | (299) | (373) |
| | Exchange (loss) / gain | (9) | 7 |
| | **Balance as at the end of the year** | **525** | **833** |

| | Particulars | Number | Face value | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|---|
| 6 | **Investments - Non-current Investments** | | | | |
| | **Investments carried at fair value through profit and loss** | | | | |
| | **i) Investments in equity investments of other companies (fully paid-up) (Unquoted)** | | | | |
| | Telesis Global Solutions Limited, India | 96,374 | ₹ 10 | 30 | 30 |
| | Less: Impairment in the value of investments | | | (30) | (30) |
| | **Total Non - current investments** | | | - | - |
| | Aggregate amount of unquoted investments | | | 30 | 30 |
| | Aggregate provision for impairment in value of investments | | | (30) | (30) |

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current |
| 7 | **Trade receivables** | | | | |
| | **(Unsecured, considered good unless otherwise stated)** | | | | |
| | Receivables (Also, refer note 36 (c)) | 38 | 10,901 | 28 | 14,979 |
| | | 38 | 10,901 | 28 | 14,979 |
| | **Allowances for expected credit loss** | | | | |
| | Allowance for credit loss | - | (1,525) | - | (1,694) |
| | | **38** | **9,376** | **28** | **13,285** |

a) Trade receivables include due from related parties amounting to ₹ 35 lakhs (31 March 2020: ₹ 46 lakh). The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

b) The Group has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

c) The Parent Company (Inspirisys Solutions Limited) has a trade receivable of ₹ 3,200 Lakhs as on 31 March 2021 from one of its subsidiary company Inspirisys Solutions North America, Inc (ISNA). The balance reflects accumulation of receivables since 2016-17. ISNA the wholly owned subsidiary of Inspirisys Solutions Limited (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The trade receivables in the books of ISL India represents services performed and billed on ISNA over the years in respect of offshore services for the clients of ISNA. The Management is working on turning around the business performance of ISNA and are hopeful of generating profits to pay ISL India against the trade receivables and to this effect have drawn up business plans for the subsidiary for the next few years. In view of the above, the Management considers not making any provision towards any provision for GST liability on amount receivable from ISNA on such export receivables together with interest thereon as the parent Company is hopeful of collecting the dues from ISNA.

d) Customer credit risk is managed based on the Group's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.



Inspirisys Solutions Limited, First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
CIN: L30006TN1995PLC031736

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Movement of expected credit loss** | | |
| Balance at beginning of the year | 1,694 | 1,593 |
| Additions during the year, net (Also refer note 29) | 57 | 301 |
| Utilised during the year | (226) | (200) |
| **Balance at end of the year** | **1,525** | **1,694** |
| **8 Bank balances** | | |
| Balances with bank held as margin money | 772 | 833 |
| | **772** | **833** |

Non-current bank balances represents, interest bearing deposits with bank with more than 12 months maturities. These margin money deposits are given as lien to obtain bank guarantee. These bank guarantee are issued to customers as collateral for execution of contract.

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **9 Other financial assets**<br>(Unsecured, considered good unless otherwise stated) | | | | |
| Security deposits | 222 | - | 314 | - |
| Rental deposits | 151 | 312 | 311 | 201 |
| Other receivable | - | 179 | - | 131 |
| Other advances | 1 | 5 | - | 17 |
| | **374** | **496** | **625** | **349** |

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **10 Deferred Tax (net)** | | |
| The breakup of deferred tax liability is as follows: | | |
| Deferred tax liability arising on account of : | | |
| - Timing difference between Depreciation/amortization as per financials and depreciation as per tax | (45) | (85) |
| | **(45)** | **(85)** |
| Deferred tax asset arising on account of : | | |
| - Provision for employee benefits | 344 | 337 |
| - Allowances for expected credit loss | 483 | 483 |
| - Provision for inventory | 206 | 121 |
| - Impairment in value of investments | 393 | 284 |
| - Unabsorbed depreciation and business loss | 2,629 | 3,198 |
| - Minimum Alternative tax credit available | 839 | 647 |
| - Others | - | 10 |
| | 4,894 | 5,080 |
| **Net deferred tax asset*** | **-** | - |

*The Group has not recognised deferred tax asset as it is not probable that taxable profit will be available for utilizing the unused tax losses and temporary differences. The Company has neither recognised deferred tax expense nor income in the statement of profit and loss and other comprehensive income for the year ended 31 March 2021 and 31 March 2020 and consequently reconciliation for the same is not disclosed.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **11** | **Income tax assets (net)** | | |
| | Advance Tax (net of provision for tax) (Also, refer note 33) | 3,644 | 5,409 |
| | | **3,644** | **5,409** |

| | Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| **12** | **Other assets** | **Non-current** | **Current** | **Non current** | **Current** |
| | Balances with government authorities | 317 | 3 | 386 | 181 |
| | Prepaid expenses | 203 | 2,146 | 364 | 2,683 |
| | Unbilled revenue | - | 1,549 | - | 1,355 |
| | Other advances | - | 8 | - | 20 |
| | Supplier advances | - | 32 | - | 192 |
| | | **520** | **3,738** | **750** | **4,431** |

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **13** | **Inventories** | | |
| | Raw materials | 73 | 101 |
| | Finished goods | 65 | 348 |
| | Stores and spares* | 1,166 | 962 |
| | Less: Provision for inventory obsolescence | (707) | (415) |
| | | **597** | **996** |
| | ** Includes goods in transit of ₹ 12 lakhs (previous year ₹ 32 lakhs)* | | |
| **14** | **Cash and bank balances** | | |
| | **Cash and cash equivalents** | | |
| | Cash on hand | 11 | 8 |
| | Balances with banks - current accounts | 3,071 | 1,530 |
| | | **3,082** | **1,538** |

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | **Nos.** | **Amount** | **Nos.** | **Amount** |
| **15** | **Equity Share Capital** | | | | |
| | **Authorized** | | | | |
| | Equity shares of ₹ 10 each | 50,000,000 | 5,000 | 50,000,000 | 5,000 |
| | **Issued, subscribed and fully paid up** | | | | |
| | Equity shares of ₹ 10 each | 3,96,16,873 | 3,962 | 3,96,16,873 | 3,962 |
| | | **3,96,16,873** | **3,962** | **3,96,16,873** | **3,962** |
| **a)** | **Reconciliation of number of shares** | | | | |
| | **Equity shares** | | | | |
| | Opening balance | 3,96,16,873 | 3,962 | 3,39,91,873 | 3,399 |
| | Issued during the year | - | - | 56,25,000 | 563 |
| | Closing Balance | **3,96,16,873** | **3,962** | **3,96,16,873** | **3,962** |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Nos.*** | **Amount** | **Nos.*** | **Amount** |
| **b) Shares held by the holding company** | | | | |
| Equity shares of ₹ 10 each | | | | |
| CAC Holding Corporation | | | | |
| Opening balance | 2,77,12,125 | 2,771 | 2,20,87,125 | 2,209 |
| Issued during the year | - | - | 56,25,000 | 563 |
| Closing Balance | **2,77,12,125** | **2,771** | **2,77,12,125** | **2,771** |

| **c) Shareholders holding more than 5% of the aggregate shares in the Company** | **Nos.*** | **% holding** | **Nos.*** | **% holding** |
|---|---|---|---|---|
| Equity Shares of ₹ 10 each | | | | |
| CAC Holding Corporation, Holding company | 2,77,12,125 | 70% | 2,77,12,125 | 70% |
| Amicorp Trustees (India) Private Limited (Also, refer note (g) below) | 44,64,279 | 11% | 44,64,279 | 11% |

**Number of shares are in absolute number*

**d) Terms / rights attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their share holding.

**e)** There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last 5 years immediately preceding 31 March 2021.

**f)** Pursuant to the shareholder's resolution dated 19 June 2019, the Company has made further issue of 5,625,000 equity shares of ₹ 10 each to CAC Holdings Corporation, Tokyo, Japan at a premium of ₹ 44.30 per share during 2019-2020.

**g)** In terms of the Settlement Agreement and Release dated 15 March 2017 entered into between Inspirisys Solutions Limited ('the Company'), CAC Holdings Corporation, Japan (the current promoter) and Accel Limited, Mr N R Panicker and Accel Systems Group Inc, (the erstwhile promoter group of Accel Frontline Limited) 44,64,279 shares (representing 11% (previous year: 11%) of the shareholding of the company) held by the erstwhile promoter group was transferred by such erstwhile promoter group to a Trust between 21st July 2017 and 25th August 2017. The Company does not control this trust including the decisions relating to dealing with these shares. However, the Company is the end beneficiary only of the consideration if and when the shares are sold by the trustees.

**h) Capital management policies and procedures**

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital.

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Group for the reporting years are summarized as follows:

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| Borrowings | | 9,269 | 13,270 |
| Cash and bank balances | | (3,854) | (2,371) |
| **Net debt** | **(A)** | **13,123** | **10,899** |
| **Total equity** | **(B)** | **1,528** | **1,764** |
| Overall financing | (A+B) | **14,651** | **12,663** |
| Gearing ratio | | **90%** | **86%** |

**16 Other Equity**

**Securities premium**

| | | |
|---|---|---|
| Balance at the beginning of the year | 11,555 | 9,062 |
| Additions made during the year | - | 2,493 |
| Balance at the end of the year | **11,555** | **11,555** |

₹ in Lakhs

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **General reserve** | **859** | **859** |
| **Retained earnings** | | |
| Balance at the beginning of the year | (14,272) | (14,495) |
| Less: Impact on adoption of "Appendix C" to Ind AS 12 (Also refer note 33) | - | (18) |
| Add : Transferred from statement of profit and loss | (286) | 241 |
| Balance at the end of the year | **(14,588)** | **(14,272)** |
| **Accumulated other comprehensive income** | | |
| Balance at the beginning of the year | (57) | (110) |
| Add : Transfer from other comprehensive income | (51) | 53 |
| Balance at the end of the year | **(108)** | **(57)** |
| **Accumulated foreign currency translation reserves** | | |
| Balance at the beginning of the year | (283) | 123 |
| Add : Transfer from other comprehensive income | 101 | (406) |
| Balance at the end of the year | (182) | (283) |
| **Total Other equity** | **(2,434)** | **(2,198)** |

a) **Securities premium**
Securities premium comprises of the amount of share issue price received over and above the face value of ₹ 10 each.

b) **General reserve**
General reserve represents an appropriation of profits by the Company.

c) **Accumulated other comprehensive income**
Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

d) **Retained earnings**
Retained earnings represents the amounts of accumulated earnings of the Company.

e) **Accumulated foreign currency translation reserves**
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassed to profit or loss when the net investment is disposed-off.

| | | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|
| | | Non-current | Current | Non-current | Current |
| **17 Borrowings** | | | | | |
| **i) Secured** | | | | | |
| **From Banks** | | | | | |
| Finance lease obligations (Also, refer note (a) below) | | 47 | 17 | 63 | 17 |
| Letter of credit | | - | - | - | 1,204 |
| | A | 47 | 17 | 63 | 1,221 |
| Less: Current maturities of long-term borrowings (Also, refer note 21) | B | - | (17) | - | (17) |
| | **C (A+B)** | **47** | **-** | **63** | **1,204** |
| **ii) Unsecured** | | | | | |
| **Loans repayable on demand** | | | | | |
| **From banks** | | | | | |
| Cash credit | | - | 509 | - | 294 |
| **Other borrowings** | | | | | |
| **From banks** | | | | | |
| Working capital demand loan | | - | 1,500 | - | 2,013 |
| Short term loan | | - | 1,300 | - | 3,700 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| **From others** | | | | |
| Loans and advances from related parties (Also, refer note (b) below) | 5,896 | - | 5,979 | - |
| | 5,896 | 3,309 | 5,979 | 6,007 |
| Less: Current maturities of long-term borrowings (Also, refer note 21) | (5,657) | | (250) | - |
| | **239** | **3,309** | **5,729** | **6,007** |
| **Total Borrowings** | **286** | **3,309** | **5,792** | **7,211** |

**a)** These loans have been availed for acquiring certain business assets and are secured by hypothecation of specific assets purchased out of such loans. The loans are repaid in equated monthly instalments from date of loan and carry interest rate between 5% to 9% per annum. Also, refer note 4(a).

The details of lease commitments in terms of Minimum lease payments (MLP) and Present value (PV) of MLP are as follows:

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| **Payments falling due:** | **MLP** | **PV of MLP** | **MLP** | **PV of MLP** |
| Payable not later than 1 year | 23 | 17 | 23 | 17 |
| Payable later than one year but not later than 5 years | 51 | 47 | 73 | 64 |
| **Total** | **74** | **64** | **97** | **80** |
| Less: Amounts representing interest | (10) | - | (17) | - |
| | **64** | **64** | **80** | **80** |

**b)** The loans and advances from related parties represents loan from the ultimate holding company, CAC Holdings Corporation, to Inspirsys Solutions Limited to the tune of ₹ 5,896 (including interest payable) (As at 31 March 2020: ₹ 5,979) at an interest rate of 4.5%+6 months LIBOR rate and the entire amount being repayable in 2021-22. (Also refer note 36)

- Inspirisys Solutions North America Inc., USA to the tune of ₹ 717 (As at 31 March 2020: ₹ 747) at an interest rate of 3.25%+6 months LIBOR rate and repayable between 2021-22 and 2022-23
- Network Programs (USA) Inc., USA, to the tune of ₹ 221 (As at 31 March 2020: ₹ 230) at an interest rate of 3.25%+6 months LIBOR rate and repayable over the period 2017-18 to 2019-20 in five tranches occuring once in every 6 months. Owing to cash flow issues, the company is in the process of rescheduling the repayment of the loan. (Also refer note 36)
- Inspirisys Solutions Japan Kabushiki Kaisha., Japan, to the tune of ₹ 572 (As at 31 March 2020: ₹ 539) at an interest rate of 0.65% and repayable over the period 2018-19 and 2021 -22. (Also refer note 36)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **c) Details of guarantee** | | |
| Guaranteed by holding company | | |
| From banks | | |
| - Working capital demand loan | 1,500 | 2,013 |
| - Short term loan | 1,300 | 3,700 |
| - Cash credit | 509 | 294 |
| - Letter of credit | - | 1,204 |

**d) Details of security**

- The Company has availed a working capital demand loan worth ₹ 1,500 (as at 31 March 2020: ₹ 2.013) from Sumitomo Mitsui Banking Corporation at an interest rate of 7.8% (as at 31 March 2020: 9%) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan. The same is repayable on the respective due dates of each drawdown.
- The Company has also availed a short term loan facility ₹ 1,300 (as at 31 March 2020: ₹ 3,700) from Mizuho Bank Ltd at an interest rate based on market conditions (subject to minimum of Marginal cost of funds based lending rate (MCLR)) which is secured by a Corporate Guarantee provided by CAC Holdings Corporation, Japan. The same shall be repayable on demand.
- Cash credits guaranteed by holding company represents:

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

i) One of the subsidiaries, Inspirisys Solutions DMCC, UAE, has availed a cash credit facility from Emirates NBD worth ₹ 509 (As at 31 March 2020: ₹ 295) which are secured by the Corporate Guarantee provided by CAC Holdings Corporation, Japan.

One of the subsidiaries, Inspirisys Solutions DMCC, UAE, has availed letter of credits from banks which are secured by the Corporate Guarantee provided by CAC Holdings Corporation, Japan and hypothecation of goods purchased under the letter of credit, repayable based on the LC period ranging from 60 to 180 days with roll over facility.

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Long term | Short term | Long term | Short term |
| **e) Reconciliation for cash flow statement** | | | | |
| Opening balance | 6,059 | 7,211 | 5,392 | 12,388 |
| (Repayment of) / Proceeds from borrowings | (16) | (3,889) | 177 | (5,294) |
| Exchange loss on restatement | (83) | 5 | 391 | 114 |
| Interest expense | 274 | 640 | 473 | 798 |
| Interest paid | (274) | (658) | (374) | (795) |
| **Closing balance** | **5,960** | **3,309** | **6,059** | **7,211** |

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **18 Lease liability** | | | | |
| Lease liability (Also, refer note (a) below) | 379 | 225 | 599 | 294 |
| | **379** | **225** | **599** | **294** |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **(a) Movement in lease liability** | | |
| **Balance as at 1 April 2020** | **893** | **1114** |
| Additions | - | 85 |
| Finance cost accrued during the year (Also, refer note 31) | 77 | 92 |
| Payment of lease liabilities | (374) | (405) |
| Exchange loss | 8 | 7 |
| Balance as at 31 March 2021 | **604** | **893** |
| **(b) Summary of contractual maturities of lease liabilities** | | |
| Less than one year | 251 | 393 |
| One to five years | 532 | 656 |
| More than five years | - | 127 |
| **Total undiscounted lease liabilities at 31 March 2021** | **783** | **1,176** |

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **19 Provisions** | | | | |
| Provisions for employee benefits | | | | |
| Gratuity (refer note (a) (i) below) | 705 | 135 | 634 | 44 |
| Compensated absences (refer note (a) (ii) below) | 133 | 109 | 155 | 56 |
| Provision for warranty (refer note (b) below) | - | 23 | - | 31 |
| | **838** | **267** | **789** | **131** |

**a) Employee benefits**

**i) Gratuity**

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by Life Insurance Corporation.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Change in projected benefit obligation** | | |
| Projected benefit obligation at the beginning of the year | 859 | 838 |
| Current service cost | 133 | 126 |
| Interest cost | 38 | 45 |
| Actuarial (gain) | 57 | (51) |
| Benefits paid | (67) | (105) |
| Exchange loss | (3) | 6 |
| **Projected benefit obligation at the end of the year** | **1,018** | **859** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning of the year | 181 | 132 |
| Investment income | 10 | - |
| Employer contributions | 53 | 140 |
| Benefits paid | (59) | (104) |
| Actuarial gain | (7) | 13 |
| **Fair value of plan assets at the end of the year** | **178** | **181** |
| **Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised** | | |
| Present value of projected benefit obligation at the end of the year | 1,018 | 859 |
| Fair value of plan assets at the end of the year | 178 | 181 |
| **Liability recognized in the balance sheet** | **840** | **678** |
| **Thereof** | | |
| Funded | 178 | 181 |
| Unfunded | 840 | 678 |
| **Components of net gratuity costs are** | | |
| Current service cost | 133 | 126 |
| Interest cost | 28 | 45 |
| **Total amount recognised in the income statement** | **161** | **171** |
| Actuarial (gain)/loss | 64 | (64) |
| **Total amount recognised in other comprehensive income** | **64** | **(64)** |
| **Net Gratuity costs** | **225** | **107** |
| **Principal actuarial assumptions used:** | | |
| Discount rate | 4.65%/ (1.45%) | 6.51%/ (3.30%) |
| Long-term rate of compensation increase | 6%/ (4.5%) | 6%/ (4.5%) |
| Expected rate of return on plan assets | 6.91% | 7.27% |
| Average remaining life (in years) | 21.69/ 16.64 | 22.67/ (18.77) |
| Attrition rate | | |
| Upto 30 years | 50%/ (50%) | 50%/ (15%) |
| 31 to 44 years | 33%/ (33%) | 33%/ (15%) |
| Above 44 years | 20%/ (20%) | 20%/ (15%) |

The Group assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Based on historical data, the Group expects contributions of ₹ 729 lakhs to be paid in 2021-22. The weighted average duration of the defined benefit obligation as at 31 March 2021 is 3 years (31 March 2020: 3 years).

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**Employee benefits - Maturity profile (Undiscounted)**

| Particulars | Less than a year | Between 2-5 years | Between 6-10 years | Over 10 years | Total |
|---|---|---|---|---|---|
| **31 March 2021** | | | | | |
| Defined benefit obligation | 326 | 576 | 232 | 52 | 1,186 |
| **31 March 2020** | | | | | |
| Defined benefit obligation | 238 | 506 | 226 | 77 | 1,046 |

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2021.

| | Attrition rate | | Discount rate | | Future salary | |
|---|---|---|---|---|---|---|
| | increases | Increase | increases | Increase | increases | Increases |
| **31 March 2021** | | | | | | |
| > Sensitivity Level | 0.50% | 0.50% | 1% | 1% | 1% | 1% |
| > Defined benefit obligation | (38) | 65 | (33) | 35 | 34 | (33) |
| **31 March 2020** | | | | | | |
| > Sensitivity Level | 50%/20% | 50%/20% | 1% | 1% | 1% | 1% |
| > Defined benefit obligation | (32) | 52 | (31) | 34 | 32 | (31) |

**(ii) Compensated absences**

The liability in respect of the Group, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Group does not maintain any plan assets to fund its obligation towards compensated absences.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Principal actuarial assumptions used* :** | | |
| Discount rate | 4.65%/(1.45%) | 5.10%/(3.30%) |
| Long-term rate of compensation increase | 6.00% | 6%/(4.5% ) |
| Attrition rate | | |
| Upto 30 years | 50%/(50%) | 50%/(15%) |
| 31 to 44 years | 33%/(33%) | 33%/(15%) |
| Above 44 years | 20%/(20%) | 20%/(15%) |

*The assumptions used by one of the subsidiary Inspirisys Solutions DMCC, UAE have been given in the brackets ( ).

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **b) Provision for warranty** | | |
| Balance at the beginning of the year | 31 | 103 |
| Created during the year, net | - | - |
| Utilised/reversed during the year | (8) | (72) |
| **Balance at the end of the year** | **23** | **31** |

A provision is recognized for expected warranty claims on supply of goods, based on past experience of level of repairs and returns. The current and non-current classification of the provision is made based on the remaining warranty period of the goods supplied as at the balance sheet date. The assumptions used to calculate the provision for warranties are based on the Group's current status of goods supplied that are under warranty and information available about expenditure more probable to be incurred based on the Group's warranty terms which provides for a warranty period of about 36 months.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **20 Trade payables** | | |
| Total outstanding dues of micro and small enterprises* | 710 | 49 |
| Total outstanding dues of creditors other than micro and small enterprises | 5,225 | 5,664 |
| | **5,935** | **5,713** |

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **a)** | **Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:** | | |
| | i) Principal amount remaining unpaid | 710 | 49 |
| | ii) Interest due thereon | - | - |
| | iii) Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year | - | - |
| | iv) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| | v) Interest accrued and remaining unpaid as at balance sheet date | - | - |
| | vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |
| | | **710** | **49** |

*The management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 and 31 March 2020 has been made in the financials statements based on information received and available with the Group. Further, the Group has not paid any interest to any micro and small enterprises during the current year and previous year.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **21** | **Other financial liabilities** | | |
| | **Financial liabilities at amortised cost** | | |
| | **Current** | | |
| | Current maturities of finance lease obligations (Also refer note 17) | 17 | 17 |
| | Current maturities of related party loan (Also refer note 17) | 5,640 | 250 |
| | Employee related payables | 641 | 829 |
| | Other accrued liabilities | 1,827 | 2,565 |
| | **Total financial liabilities** | **8,125** | **3,661** |
| **22** | **Other current liabilities** | | |
| | Statutory dues | 299 | 644 |
| | Unearned revenue | 3,554 | 4,112 |
| | | **3,853** | **4,756** |

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **23** | **Revenue from operations** | | |
| | Sale of goods | 13,939 | 16,445 |
| | Sale of services (Also, refer note 36 (b) ) | 26,421 | 29,396 |
| | Other operating income | 10 | 8 |
| | **Revenue from operations** | **40,370** | **45,849** |
| **24** | **Other income** | | |
| | Liabilities no longer required written back ** | 150 | 528 |
| | Interest income from financial assets at amortised cost | 52 | 51 |
| | Unwinding of discount on deposits | 23 | 48 |
| | Net gain on foreign currency transactions & translations | 43 | 83 |
| | Interest on income tax refund | 177 | 35 |
| | Other non-operating income | 97 | 72 |
| | Bonus on maturity of keyman insurance | - | 81 |
| | Bad debts recovered | - | 79 |
| | | **542** | **977** |

** During the year, the management has assessed the long outstanding payables and accrued liabilities as at 31 March 2021 and in the absence of any claims made by these vendors for a period exceeding 3 years, the liabilities were written back to the statement of profit and loss amounting to ₹ 150 lakhs (31 March 2020: ₹ 528 lakhs).

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **25** | **Cost of raw materials consumed** | | |
| | Opening stock (Net of provision) | 47 | 44 |
| | Add : Purchases during the year | 39 | 228 |
| | Less: Closing stock (Net of provision) | (16) | (47) |
| | | **70** | **225** |
| **26** | **Purchases of stock-in-trade & stores and spares** | 13,035 | 15,109 |
| | Purchases of stock-in-trade & stores and spares | **13,035** | **15,109** |
| **27** | **Changes in inventories of stock-in-trade and stores and spares** | | |
| | Opening stock: | | |
| | Stock-in-trade | 67 | 429 |
| | Stores and spares | 1,243 | 1,225 |
| | Less: Provision for inventories | (361) | (437) |
| | | **949** | **1,217** |
| | Closing stock: | | |
| | Stock-in-trade | 65 | 67 |
| | Stores and spares | 1,166 | 1,243 |
| | Less: Provision for inventories | (651) | (361) |
| | | **580** | **949** |
| | Add: Other adjustments | - | 20 |
| | **Net decrease in inventories** | **369** | **288** |
| **28** | **Employee benefits expense** | | |
| | Salaries and wages (Also, refer note 36) | 11,904 | 11,748 |
| | Gratuity expense (Also refer note 19) | 161 | 171 |
| | Contribution to provident and other defined contribution funds | 423 | 570 |
| | Staff welfare expenses | 53 | 101 |
| | | **12,541** | **12,590** |
| **29** | **Impairment losses** | | |
| | Allowances for credit loss in trade receivables | 57 | 301 |
| | Impairment of goodwill (Also refer note below) | 98 | 289 |
| | | **155** | **590** |

a) The Group had a goodwill of ₹ 98 Lakhs relating to acquisition of a subsidiary named Inspirisys Solutions North America Inc, USA (ISNA). The assessment of the assumptions used in estimating the impact of impairment, combined with the significant impact of the ongoing Covid19 pandemic on the revenues and the discounted cash flows have resulted in the valuation to be marginally higher than the carrying value of the investment in the subsidiary. Considering the significant uncertainties arising from ongoing Covid19 pandemic, the Group, as a matter of prudence, has impaired ₹ 98 Lakhs towards value of goodwill during the current year.

b) The Group had a goodwill of ₹ 289 Lakhs relating to acquisition of a subsidiary named Network Programs (USA) Inc., USA . The Management of the Group, after continuous effort to turnaround the business and make it profitable, is of the view that revival of the business for the subsidiary is not feasible and in order to reduce further losses from being incurred the operations of the subsidiary has been suspended in the year ended 31 March 2020. Consequent to this, the management has impaired ₹ 289 Lakhs towards value of goodwill during the previous year. The Group observed that the subsidiary is yet to revive as at 31 March 2021 and hence, the impairment of the goodwill was not reversed during the current year.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **30** | **Other expenses** | | |
| | Sub-contracting and outsourcing cost | 9,390 | 10,737 |
| | Rent (Also, refer note 35) | 579 | 633 |
| | Legal and professional fees | 1,240 | 1,248 |
| | Travelling and conveyance | 259 | 700 |
| | Freight and forwarding | 94 | 242 |
| | Communication expenses | 261 | 253 |
| | Repairs and maintenance | | |
| | -Leased premises | 302 | 377 |
| | -Equipment's | 3 | 6 |
| | -Others | 64 | 85 |
| | Power and fuel | 138 | 207 |
| | Insurance | 197 | 147 |
| | Rates and taxes | 209 | 106 |
| | Printing and stationery | 18 | 54 |
| | Payments to auditors* | | |
| | Statutory audit | 50 | 43 |
| | Limited review | 5 | 5 |
| | Reimbursement of expenses | 1 | 1 |
| | Directors' sitting fees | 16 | 16 |
| | Management fee (Also, refer note 36 (b)) | 82 | 92 |
| | Corporate Social Responsibility expenses (Also, refer note 42) | 21 | 1 |
| | Miscellaneous expenses | 223 | 323 |
| | | **13,152** | **15,276** |
| | ** excluding applicable taxes* | | |
| **31** | **Finance costs** | | |
| | Interest expenses | 867 | 1,271 |
| | Other borrowing costs | 124 | 62 |
| | Exchange difference regarded as adjustment to borrowing cost | - | 81 |
| | | **991** | **1,414** |
| **32** | **Depreciation and amortization expense** | | |
| | Depreciation of tangible assets (Also refer note 4) | 245 | 252 |
| | Amortization of intangible assets (Also refer note 4) | 149 | 156 |
| | Depreciation of right to use assets (Also, refer note 5) | 299 | 373 |
| | | **693** | **781** |

**33 Income taxes**

The major components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are: The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group at 16.69% (2019-20: 16.69%) and the reported tax expense in the statement of profit and loss are as follows:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Accounting profit/(loss) before taxes | (94) | 553 |
| Tax rates** | 16.69% | 16.69% |
| Tax on profit at enacted tax rate | (16) | 92 |
| **Tax impact on the following items :** | | |
| - Tax impact relating to subsidiaries losses | 56 | 56 |
| - Expenses not deductible for tax | 152 | 164 |
| **Actual tax expense** | **192** | **312** |
| **Current tax** | **192** | **312** |
| **Tax expense reported in the statement of profit and loss** | **192** | **312** |

**The effective tax rate considered is 16.69% (previous year 16.69%) because the Company is subject to minimum alternate tax in the current and previous year. The subsidiaries have incurred losses during the current and previous year, accordingly there is no tax expenses.

The Group has evaluated the impact of "Appendix C to Ind AS-12: Uncertainty over Income Tax Treatments'' during the previous year and it was concluded that it is not probable that the taxation authority will accept uncertain tax treatment. Hence, the probable impact on account of the same was determined prudently based on the management's estimate and judgement to the tune of ₹ 18 lakhs. The major judgements and estimates are involved with respect to assessment of the mostly likely outcome relating to the following uncertain tax treatment:

a) Expenses relating to application software

b) Expenses relating to prior period item

c) Expenses relating to 14A expenditure

d) Amount deductible under section 80IB of the Income Tax Act

The appendix has been applied retrospectively with the cumulative effect of initially applying the effect of the changes being recognised in the opening balance of retained earnings without adjusting comparative information.

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **34** | **Earnings per share** | | |
| | Nominal value of equity shares (in ₹) | 10 | 10 |
| | Profit attributable to equity shareholders (A) | (266) | 241 |
| | Weighted average number of equity shares outstanding during the year (B) | 3,96,16,873 | 3,84,02,734 |
| | Basic and diluted earnings per equity share (A/B) (in ₹) | (0.72) | 0.63 |
| **35** | **Leases** | | |
| | The Company has lease contracts for office premises and these lease contracts are cancellable/ renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116 . | | |
| | Lease expense during the year, representing the minimum lease payments | 579 | 633 |

**36 Related parties**

**a) Names of related parties and nature of relationship**

| Name of related party | Nature of relationship |
|---|---|
| CAC Holdings Corporation, Tokyo, Japan | Holding company |
| CAC Corporation, Tokyo, Japan | Fellow subsidiary |
| CAC America Corporation | Fellow subsidiary |
| Malcolm F. Mehta, Chairman and Chief Executive Officer | Key Management Personnel (KMP) |
| Murali Gopalakrishnan, Chief Financial Officer | Key Management Personnel (KMP) |
| S Sundaramurthy, Company Secretary | Key Management Personnel (KMP) |
| Rajesh Ramniklal Muni | Independent Director |
| Ruchi Naithani | Independent Director |
| Raj Khalid | Independent Director |
| Koji Iketani | Non Independent, Non Executive Director |
| M S Jagan | Independent Director |

**b) Transactions with related parties**

| Name of the related party | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Sale of services** | | |
| CAC Holdings Corporation, Tokyo, Japan | 130 | 149 |
| CAC Corporation, Tokyo, Japan | - | 395 |
| CAC America Corporation | 127 | 116 |
| **Interest expense** | | |
| CAC Holdings Corporation, Tokyo, Japan | 274 | 373 |
| **Reimbursements** | | |
| CAC Holdings Corporation, Tokyo, Japan | 200 | 288 |
| CAC Corporation, Tokyo, Japan | 56 | 122 |
| **Remuneration*** | | |
| Malcolm F Mehta # | 278 | 274 |
| Murali Gopalakrishnan | 84 | 80 |
| S Sundaramurthy | 22 | 21 |
| Raj Khalid | 4 | 6 |
| Rajesh Ramniklal Muni | 5 | 5 |
| Ruchi Naithani | 5 | 5 |
| M S Jagan | 2 | - |
| **Management Fees** | | |
| CAC Corporation, Tokyo, Japan | 82 | 92 |
| **Sub-contracting and outsourcing cost** | | |
| CAC Holdings Corporation, Tokyo, Japan | - | 7 |
| CAC Corporation, Tokyo, Japan | 72 | 71 |

*Gratuity and Compensated absences are being provided based on actuarial valuation performed for the Company as a whole and accordingly is not identifiable separately for the KMPs.

##Of the above ₹ 172 Lakhs (31st March 2020 ₹ 274 lakhs) was reimbursed by M/s. CAC Holdings Corporation, Japan. The remuneration amounting to ₹ 106 lakhs paid for the period from October 1, 2020 to March 31, 2021 has been charged to the P&L of the Company which was duly approved by the Shareholders of the Company at the Annual General Meeting of the Company on 16th September, 2020..

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**c) Balance with related parties**

| Name of the related party | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Advances/Amount recoverable** | | |
| CAC Holdings Corporation, Tokyo, Japan | 12 | - |
| **Loans Payable** | | |
| CAC Holdings Corporation, Tokyo, Japan | 5,896 | 5,979 |
| **Trade receivables** | | |
| CAC Holdings Corporation, Tokyo, Japan | - | - |
| CAC Corporation, Tokyo, Japan | - | 33 |
| CAC America Corporation | 35 | 13 |
| **Guarantee received** | | |
| CAC Holdings Corporation, Tokyo, Japan | 28,504 | 28,504 |
| **Payables** | | |
| CAC Holdings Corporation, Tokyo, Japan | - | - |
| CAC Corporation, Tokyo, Japan | 14 | 10 |

**Maximum balances outstanding during the year in accordance with Schedule V of SEBI (LODR) Regulations, 2015**

| Name of the related party | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|
| | Loans received | Advances / Amounts recoverable | Loans received | Advances / Amounts recoverable |
| CAC Holding Corporation, Tokyo, Japan | 5,896 | 12 | 5,979 | 27 |
| CAC Corporation, Tokyo, Japan | - | - | - | 1 |

**37 Fair value measurement**

**a) Financial instruments by category**

| | As at 31 March 2021 | | Fair value@ | As at 31 March 2020 | | Fair value@ |
|---|---|---|---|---|---|---|
| | Amortized cost@ | Total carrying value | | Amortized cost@ | Total carrying value | |
| **Financial assets** | | | | | | |
| Trade receivables | 10,939 | 9,414 | 9,414 | 15,007 | 13,313 | 13,313 |
| Cash and cash equivalents | 3,082 | 3,082 | 3,082 | 1,538 | 1,538 | 1,538 |
| Bank balances | 772 | 772 | 772 | 833 | 833 | 833 |
| Other financial assets | 870 | 870 | 870 | 974 | 974 | 974 |
| **Total financial assets** | **15,663** | **14,138** | **14,138** | **18,352** | **16,658** | **16,658** |
| **Financial liabilities** | | | | | | |
| Borrowings | 3,595 | 3,595 | 3,595 | 13,003 | 13,003 | 13,003 |
| Lease liabilities | 604 | 604 | 604 | 892 | 892 | 892 |
| Trade payables | 5,935 | 5,935 | 5,935 | 5,713 | 5,713 | 5,713 |
| Other financial liabilities | 8,125 | 8,125 | 8,125 | 3,661 | 3,661 | 3,661 |
| **Total financial assets** | **18,260** | **18,260** | **18,260** | **23,270** | **23,270** | **23,270** |

@ Management considers amortised cost for financial asset and liabilities to approximate the fair value. The Group does not have any assets measured at FVPL or FVOCI.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**b) Fair value measurement hierarchy**

The Group records certain financial assets and financial liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain financial assets which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

> **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

> **Level 3:** Unobservable inputs for the asset or liability.

Investment in Telesis Global Solutions Limited, India is valued at the amount invested as sufficient more recent information is not available to measure fair value and the cost is considered to be the best estimate of the fair value for these securities. The management had impaired the investment hence there is no carrying value for this investment.

**c) Interest-bearing loans and borrowings:**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **a) Interest-bearing loans and borrowings:** | | |
| Floating rate borrowings | 5,896 | 5,979 |
| Fixed rate borrowings | 3,373 | 7,041 |

The fair values of the Group's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

Loans, cash and bank balances, trade receivables, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

**38 Financial risk management**

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its and group companies operations. The Group's principal financial assets include loans, trade and other receivables, investments, cash and deposits that derive directly from its operations.

The Group is exposed to market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management assesses the financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**a) Market risk**

TThe Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**b) Interest rate risk**

IInterest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Group did not have any floating rate borrowings expect for the borrowings from the Holding Group which is charged at LIBOR + 4%.

**c) Interest rate sensitivity**

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2021 and 31 March 2020. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021

₹ in Lakhs

| | | Profit before tax for the | |
|---|---|---|---|
| Particulars | Interest rate fluctuation | Year ended 31 March 2021 | Year ended 31 March 2020 |
| Increase in interest rate / (Decrease) in profit for the year | +1% | (58.96) | (59.79) |
| (Decrease) in interest rate / Increase in profit for the year | -1% | 58.96 | 59.79 |

**d) Foreign currency risk**

Most of the Group's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD), United Arab Emirates dirham (AED) and Great Britain Pound (GBP). The Group's foreign currency exposure is predominantly against the group and related entities.

Foreign currency denominated financial assets and financial liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

| Particulars | Foreign currency exposure (in ₹ Lakhs) | | |
|---|---|---|---|
| | USD | GBP | AED |
| **31 March 2021** | | | |
| Financial assets | 902 | 10 | - |
| Financial liabilities | 5,610 | - | - |
| **31 March 2020** | | | |
| Financial assets | 1,621 | 18 | 3 |
| Financial liabilities | 5,306 | - | - |

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the USD/₹ exchange rate, AED/₹ exchange rate and GBP/₹ exchange rate, 'all other things being equal'. It assumes a +/- 1% change of the USD/₹ exchange rate for the year ended at 31 March 2021 (31 March 2020: 1%), +/- 1% change of the AED/₹ exchange rate for the year ended 31 March 2021 (31 March 2020: 1%) and a +/- 1% change is considered for the GBP/₹ exchange rate for the year ended at 31 March 2021 (31 March 2020: 1%).

If the ₹ had strengthened against the USD by 1% during the year ended 31 March 2021 (31 March 2020: 1%), AED by 1% during the year ended 31 March 2021 (31 March 2020: 1%) and GBP by 1% during the year ended 31 March 2021 (31 March 2020: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

| Particulars | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Profit before tax** | | | |
| USD | +1% | (47.07) | (36.85) |
| GBP | +1% | 0.10 | 0.33 |
| AED | +1% | - | 0.18 |
| **Profit before tax** | | | |
| USD | -1% | 47.07 | 36.85 |
| GBP | -1% | (0.10) | (0.33) |
| AED | -1% | - | (0.18) |

If the ₹ had weakened against the USD by 1% during the year ended 31 March 2021 (31 March 2020: 1%) and GBP by 1% during the year ended 31 March 2021 (31 March 2020: 1%) respectively then there would an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**e) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment etc. the Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting period, as summarised below:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Classes of financial assets** | | |
| Trade receivables | 9,414 | 13,313 |
| Cash and bank balance | 3,854 | 2,371 |
| Other Financials assets | 870 | 974 |

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and bank balances are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits and security deposits which are given to landlords or other governmental agencies in relation to contracts executed and are assessed by the Group for credit risk on a continuous basis.

**f) Liquidity risk**

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and bank's short term credit facilities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade receivables are all contractually due within twelve months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at 31 March, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

| **As at 31 March 2021** | | | |
|---|---|---|---|
| **Particulars** | **Within 6 months** | **6 to 12 months** | **1 to 5 years** |
| Borrowings | 8,975 | 9 | 286 |
| Lease Liabilities | 112 | 91 | 401 |
| Trade and other payables | 5,935 | - | - |
| Other financial liabilities | 8,125 | - | - |
| **As at 31 March 2020** | | | |
| Borrowings | 6,970 | 9 | 6,042 |
| Lease Liabilities | 197 | 97 | 783 |
| Trade and other payables | 5,713 | - | - |
| Other financial liabilities | 3,661 | - | - |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

## 39 Segment reporting

### a) Identification of Segments :

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

The Company's principal lines of business is IT services which includes, providing system integration (SI) solutions comprising network design, hardware and software, Services which comprises of IT Infrastructure management solutions, software development and support and warranty management solutions (WMS) for imported and indigenous equipments, development, implementation and maintenance of software applications.

**Year ended 31 March, 2021**

| Particulars | SI | Services | WMS | Training | Unallocated | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Sales | 13,964 | 24,883 | 1,523 | - | | 40,370 |
| **Total revenue from operations** | **13,964** | **24,883** | **1,523** | **-** | **-** | **40,370** |
| **Results** | | | | | | |
| Segment result | (161) | 2,890 | (548) | | | 2,181 |
| Unallocated corporate expenses | | | | | (1,826) | (1,826) |
| **Operating (loss) / profit** | **(161)** | **2,890** | **(548)** | **-** | **(1,826)** | **355** |
| Interest and finance charges | | | | | (991) | (991) |
| Unallocated income | | | | | 542 | 542 |
| **(Loss) / Profit before tax** | **(161)** | **2,890** | **(548)** | **-** | **(2,275)** | **(94)** |
| Income taxes | | | | | 192 | 192 |
| **(Loss) / Profit before tax** | **(161)** | **2,890** | **(548)** | **-** | **(2,467)** | **(286)** |
| **Other information** | | | | | | |
| Segment assets | 6,096 | 11,549 | 879 | 35 | | 18,559 |
| Unallocated corporate assets | | | | | 6,187 | 6,187 |
| **Total assets** | **6,096** | **11,549** | **879** | **35** | **6,187** | **24,746** |
| Segment liabilities | 6,396 | 9,071 | 582 | 3 | | 16,052 |
| Unallocated corporate liabilities | | | | | 7,166 | 7,166 |
| **Total liabilities** | **6,396** | **9,071** | **582** | **3** | **7,166** | **23,218** |
| Capital expenditure | 2 | 87 | 3 | | 155 | 247 |
| Depreciation and amortization | 44 | 194 | 57 | - | 398 | 693 |
| Other non cash expenditure, net | 77 | 218 | 57 | | 472 | 824 |

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**Year ended 31 March, 2020**

| Particulars | SI | Services | WMS | Training | Unallocated | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Sales | 16,445 | 27,475 | 1,929 | - | - | 45,849 |
| **Total revenue from operations** | **16,445** | **27,475** | **1,929** | **-** | **-** | **45,849** |
| **Results** | | | | | | |
| Segment result | (564) | 3,560 | 74 | (8) | - | 3,062 |
| Unallocated corporate expenses | - | - | - | - | (2,072) | (2,072) |
| **Operating (loss) / profit** | **(564)** | **3,560** | **74** | **(8)** | **(2,072)** | **990** |
| Interest and finance charges | - | - | - | - | (1,414) | (1,414) |
| Unallocated income | - | - | - | - | 977 | 977 |
| **(Loss) / Profit before tax** | **(564)** | **3,560** | **74** | **(8)** | **(2,509)** | **553** |
| Income taxes | - | - | - | - | 312 | 312 |
| **(Loss) / Profit before tax** | **(564)** | **3,560** | **74** | **(8)** | **(2,821)** | **241** |
| **Other information** | | | | | | |
| Segment assets | 4,924 | 16,083 | 874 | 42 | - | 21,923 |
| Unallocated corporate assets | - | - | - | - | 8,787 | 8,787 |
| **Total assets** | **4,924** | **16,083** | **874** | **42** | **8,787** | **30,710** |
| Segment liabilities | 4,989 | 10,283 | 621 | 2 | - | 15,895 |
| Unallocated corporate liabilities | - | - | - | - | 13,051 | 13,051 |
| **Total liabilities** | **4,989** | **10,283** | **621** | **2** | **13,051** | **28,946** |
| Capital expenditure | 45 | 233 | 53 | - | 164 | 495 |
| Depreciation and amortization | 90 | 222 | 75 | - | 394 | 781 |
| Other non cash expenditure, net | 130 | 770 | 53 | - | 102 | 1,055 |

**b) Geographical information**

The company is domiciled in India. The amount of its revenue from external customers and non-current assets other than financial instruments, and deffered tax assets, broken down by location of the assets, is shown below:

| Particulars | 31 March 2021 | | | 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | India | Rest of World | Total | India | Rest of World | Total |
| Revenue | 31,938 | 8,432 | 40,370 | 31,139 | 14,710 | 45,849 |
| Non current assets | 5,290 | 58 | 5,348 | 7,439 | 206 | 7,645 |

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **40** | **Contingent liabilities** | | |
| | Sales tax | 411 | 476 |
| | Income tax | 1,717 | 1,717 |
| | Customs duty | 236 | 236 |
| | Provident fund | 184 | 184 |
| | Others | 189 | 189 |
| | | **2,737** | **2,802** |

**41 Commitments**

The Group did not have any capital commitments as at 31 March 2021 and 31 March 2020. Other commitments are cancellable at the option of the company and hence not disclosed.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2021 ₹ in Lakhs

**42 Corporate Social Responsibility**

Amount required to be spent as per section 135 of the Act and the amount spent are as detailed below:

| | In cash | Yet to be paid | Total |
|---|---|---|---|
| **For the Year ended 31 March 2021** | | | |
| On Construction/acquisition of any asset | - | - | - |
| On purposes other than as specified above | 21 | - | 21 |
| **For the Year ended 31 March 2020*** | | | |
| On Construction/acquisition of any asset | - | - | - |
| On purposes other than as specified above | 1 | - | 1 |

* A CSR Committee has been formed by the Company as per the Act during the previous year..

**43 Events after the reporting period**

Uncertainties relating to the global health pandemic from COVID-19.

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India which is now going through the second wave. This has impacted the economic activity and has disrupted businesses across all sectors. The Government has extended the various measures to combat the virus including lock down that continues. Overall operations of the Group both in India and other geographies where the Group operates has been curtailed considerably since March 2020. This is reflected in the business performance across all geographies. The continuing impact of COVID-19 on the group's operations and financial performance is dependent on how the situation evolves, which under the current circumstances is highly uncertain. The Group has, to the extent possible, considered the likely effects due to the COVID-19 pandemic in the preparation of these financial results for the year ended 31 March 2021.

As per the Group's assessment which is based on the use of internal and external sources of information, the Company does not expect any significant impact on carrying amounts of financial and non-financial assets. The Group will continue to monitor changes in future economic conditions and take appropriate actions. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

The Group is following the respective Government's protocols on workplace safety, work-from-home and back-to-office guidelines.

**44 Additional information as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiary**

| Name of enterprises | As % of consolidated net assets | Net assets | As % of consolidated profit or loss | Share of profit or loss | As % of consolidated OCI | Share of OCI | As % of total comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|
| **Parent** | | | | | | | | |
| Inspirisys Solutions Limited | 472% | 7,207 | (17%) | 48 | (154%) | (77) | 12% | (29) |
| **Indian subsidiary** | | | | | | | | |
| Inspirisys Solutions IT Resources Limited | 2% | 35 | 0% | 1 | - | - | 0% | 1 |
| **Foreign subsidiary** | | | | | | | | |
| Inspirisys Solutions DMCC | (120%) | (1,828) | 100% | (287) | - | - | 122% | (287) |
| Inspirisys Solutions Japan Kabushiki Kaisha | (78%) | (1,189) | 10% | (29) | - | - | 12% | (29) |
| Network Programs (USA) Inc., | (28%) | (426) | 7% | (20) | - | - | 8% | (20) |
| Inspirisys Solutions North America Inc., USA | (140%) | (2,132) | 97% | (277) | - | - | 117% | (277) |
| Inspirisys Solutions Europe Limited, UK | (18%) | (269) | 0% | 1 | - | - | 0% | 1 |
| Adjustments arising on consolidation | 9% | 130 | -97% | 277 | 254% | 127 | -171% | 404 |
| | **100%** | **1,528** | **100%** | **(286)** | **100%** | **50** | **100%** | **(236)** |

**Notes 1 to 44 form an integral part of these consolidated financial statements**

In terms of our report attached.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Sumesh E S**
Partner
Membership No: 206931

**Place :** Chennai
**Date :** 10 May 2021

For and on behalf of the Board of Directors of

**Inspirisys Solutions Limited**

**Malcolm F. Mehta**
Chairman & Chief Executive Officer
DIN: 03277490

**Rajesh Ramniklal Muni**
Director
DIN: 00193527

**Murali Gopalakrishnan**
Chief Financial Officer

**S Sundaramurthy**
Company Secretary

**Place :** Chennai / Mumbai
**Date :** 10 May 2021

**INSPIRISYS SOLUTIONS LIMITED**

First Floor, Dowlath Towers, New Door Nos. 57, 59, 61 & 63, Taylors Road, Kilpauk, Chennai - 600 010.
Tel: 044 - 4225 2000, Email: sundaramurthy.s@inspirisys.com Website: www.inspirisys.com
CIN : L30006TN1995PLC031736

# Inspirisys Solutions Limited

## Annexure I

## Statement on Impact of Audit Qualifications

**(For audit report with modified opinion) submitted along-with Annual Audited Financial Results-Standalone for Financial Year March 31, 2021.**

(Rs. In lacs except earnings per share)

| | | | | |
|---|---|---|---|---|
| **Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}** | | | | |
| **I.** | **Sl. No.** | **Particulars** | **Audited Figures (as reported before adjusting for qualifications)** | **Audited Figures (audited figures after adjusting for qualifications)** |
| | **1.** | **Turnover / Total Income** | 33,095 | 33,095 |
| | **2.** | **Total Expenditure** | 33,047 | 33,047 |
| | **3.** | **Net profit after tax** | 48 | 48 |
| | **4.** | **Earnings Per Share** | 0.12 | 0.12 |
| | **5.** | **Total Assets** | 25,072 | 25,072 |
| | **6.** | **Total Liabilities** | 17,868 | 17,868 |
| | **7.** | **Net Worth** | 7,204 | 7,204 |
| | **8.** | **Any other financial item(s) (as felt appropriate by the management)** | - | - |
| **II.** | **Audit Qualification** | | | |
| | | **(a) Details of Audit Qualification:** | **(b) Type of Audit Qualification:** | **(c) Frequency of Qualification** |
| | (i) | As detailed in Note 7 C to the standalone financial statements (also refer to Note no 3 to the Statement of Financial Results for the year and the quarter ended 31 March 2021 as per Reg 33 of SEBI LODR) , the Company has reported an amount of ₹3,200 Lakhs as trade receivables from its wholly owned subsidiary, Inspirisys Solutions North America, Inc., USA as at 31 March 2021 which are significantly over-due. Further, due to non-realization of aforesaid trade receivables within the prescribed time limit in accordance with sub rule 1 of 96A of CGST rules, the Company is liable to pay Goods and Service Tax (GST) liability along with interest and penalty on such export sales. The management is confident of recovering the aforesaid receivables from the subsidiary based on the business plans as detailed out in the management note and accordingly, no expected credit loss provision has been made against such long outstanding receivables under Ind AS 109, Financial Instruments and no provision is recognized towards aforesaid GST liability including interest and penalty. However, in the absence of sufficient appropriate audit evidence regarding the timing and extent of cash flows that will be available with the | Qualified Opinion | Continuing |

| | | | | |
|---|---|---|---|---|
| | | subsidiary to settle these dues, we are unable to comment upon the recoverability of the carrying value of the said trade receivables as at 31 March 2021 and impact on Goods and Service Tax liability, including penalty and interest that may be levied, and the consequential impact thereof, if any, on the accompanying Statement. | | |
| | | | | |

| | | | | |
|---|---|---|---|---|
| | **d.** | **For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:** | Not applicable | |
| | **e.** | **For Audit Qualification(s) where the impact is not quantified by the auditor:** | Not Applicable | |
| | | **(i) Management's estimation on the impact of audit qualification:** | Not applicable | |
| | | **(ii) If management is unable to estimate the impact, reasons for the same:** | The Company has a trade receivable of ₹ 3,200 Lakhs as on 31 March 2021 from one of its subsidiary company Inspirisys Solutions North America, Inc (ISNA). The balance reflects accumulation of receivables since 2016-17. ISNA the wholly owned subsidiary of Inspirisys Solutions Limited (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The trade receivables in the books of ISL India represents services performed and billed on ISNA over the years in respect of offshore services for the clients of ISNA. The Management is working on turning around the business performance of ISNA and are hopeful of generating profits to pay ISL India against the trade receivables and to this effect have drawn up business plans for the subsidiary for the next few years. In view of the above, the Management considers not making any provision towards any expected credit loss against these Accounts Receivable from ISNA including GST liability if any on such export receivables together with interest thereon as we are hopeful of collecting the dues from ISNA. | |
| | | **(iii) Auditor's Comments on (i) or (ii) above:** | Due to the uncertainty regarding the timing and extent of cash flows that will be available with the subsidiary to settle these dues, we are unable to comment upon the | |

| | | | |
|---|---|---|---|
| | | | recoverability of the carrying value of the said trade receivables as at 31 March 2021 and consequent impact on the financial statements for the year ended 31 March 2021. |

**III** **Signed by:**

For **Walker Chandiok & Co LLP**
**Chartered Accountants**
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No. 206931

Place: Chennai
Date: 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

MALCOLM FARROKH MEHTA
Digitally signed by MALCOLM FARROKH MEHTA
Date: 2021.05.10 18:33:16 +05'30'

**Malcolm F. Mehta**
Chairman & Chief Executive Officer

RAJESH RAMNIKLAL MUNI
Digitally signed by RAJESH RAMNIKLAL MUNI
Date: 2021.05.10 18:25:06 +05'30'

**Rajesh Ramniklal Muni**
Chairman of Audit Committee

MURALI GOPALAKRISHNAN
Digitally signed by MURALI GOPALAKRISHNAN
Date: 2021.05.10 17:34:58 +05'30'

**Murali Gopalakrishnan**
Chief Financial Officer

Place: Chennai / Mumbai
Date: 10 May 2021

# Inspirisys Solutions Limited

## Annexure I

## Statement on Impact of Audit Qualifications

**(For audit report with modified opinion) submitted along-with Annual Audited Financial Results-Standalone for Financial Year March 31, 2021.**

**(Rs. In lacs except earnings per share)**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021 { see Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016}**

| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Audited Figures (audited figures after adjusting for qualifications) |
|---|---|---|---|---|
| | 1. | Turnover / Total Income | 40,912 | 40,912 |
| | 2. | Total Expenditure | 41,198 | 41,198 |
| | 3. | Net profit after tax | (286) | (286) |
| | 4. | Earnings Per Share | (0.72) | (0.72) |
| | 5. | Total Assets | 24,746 | 24,746 |
| | 6. | Total Liabilities | 23,218 | 23,218 |
| | 7. | Net Worth | 1,528 | 1,528 |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |

| II. | Audit Qualification | | | |
|---|---|---|---|---|
| | | **(a) Details of Audit Qualification:** | **(b) Type of Audit Qualification:** | **(c) Frequency of Qualification** |
| | (i) | As detailed in Note 7 C to the consolidated financial statements (also refer to Note no 3 to the Statement of Financial Results for the year and the quarter ended 31 March 2021 as per Reg 33 of SEBI LODR), the holding company has reported an amount of ₹ 3,200 Lakhs as trade receivables from its wholly owned subsidiary, Inspirisys Solutions North America, Inc., USA as at 31 March 2021. Due to non-realization of aforesaid trade receivables within the prescribed time limit in accordance with sub rule 1 of 96A of CGST rules, the holding company is liable to pay Goods and Service Tax (GST) along with interest and penalty on such export sales, for which no liability has been recognized in the accompanying Statement basis management's assessment of realization of the aforesaid outstanding receivable balances. However, in the absence of sufficient appropriate audit evidences, we are unable to comment upon the impact of Goods and Service Tax liability, including penalty and interest that may be levied and the consequential impact thereof, if any, on the accompanying Statement. | Qualified Opinion | First time |

| | | | |
|---|---|---|---|
| | d. | **For Audit Qualification(s) where the impact is quantified by the auditor, Management's views:** | Not applicable |
| | e. | **For Audit Qualification(s) where the impact is not quantified by the auditor:** | Not Applicable |
| | | **(i) Management's estimation on the impact of audit qualification:** | Not applicable |
| | | **(ii) If management is unable to estimate the impact, reasons for the same:** | The Company has a trade receivable of ₹ 3,200 Lakhs as on 31 March 2021 from one of its subsidiary company Inspirisys Solutions North America, Inc (ISNA). The balance reflects accumulation of receivables since 2016-17. ISNA the wholly owned subsidiary of Inspirisys Solutions Limited (ISL), India is the marketing arm for the offshore services offered and delivered to the US customers of ISNA from ISL India. ISNA has been working with customers in North America and have been engaging them for onsite business in the US and offshore business for ISL India. The trade receivables in the books of ISL India represents services performed and billed on ISNA over the years in respect of offshore services for the clients of ISNA. The Management is working on turning around the business performance of ISNA and are hopeful of generating profits to pay ISL India against the trade receivables and to this effect have drawn up business plans for the subsidiary for the next few years. In view of the above, the Management considers not making any provision towards any expected credit loss against these Accounts Receivable from ISNA including GST liability if any on such export receivables together with interest thereon as we are hopeful of collecting the dues from ISNA. |
| | | **(iii) Auditor's Comments on (i) or (ii) above:** | Due to the uncertainty regarding implication of non compliance with respect to sub rule 1 of 96A of CGST rules, we unable to comment upon implication as at 31 March 2021. |
| | | | |

| III | **Signed by:** |
|---|---|

For **Walker Chandiok & Co LLP**
**Chartered Accountants**
Firm's Registration No.: 001076N/N500013

**Sumesh E S**
Partner
Membership No. 206931

Place: Chennai
Date: 10 May 2021

For and on behalf of the Board of Directors of
**Inspirisys Solutions Limited**

MALCOLM FARROKH MEHTA Digitally signed by MALCOLM FARROKH MEHTA Date: 2021.05.10 18:32:09 +05'30'

**Malcolm F. Mehta**
Chairman & Chief Executive Officer

RAJESH RAMNIKLAL MUNI

**Rajesh Ramniklal Muni**
Chairman of Audit Committee

MURALI GOPALAKRISHNAN Digitally signed by MURALI GOPALAKRISHNAN Date: 2021.05.10 17:35:40 +05'30'

**Murali Gopalakrishnan**
Chief Financial Officer

Place: Chennai / Mumbai
Date: 10 May 2021

## Chidambaram N

**From:** Soni Singh <SoniS@nsdl.co.in>
**Sent:** 01 September 2021 09:57
**To:** Nagaraj V
**Cc:** Prajakta Pawle; Sarita Mote; Amit Vishal; Pallavi Mhatre; Himali Singh; chidambaram.nachiappan@inspirisys.com; Sundaramurthy S; Sivapazham P. A.
**Subject:** RE: [External] RE: Twenty-Sixth Annual General Meeting of Inspirisys Solutions Limitedwill be held on Friday, 24th September, 2021 at 2:00 PM through VideoConferencing ('VC') facility / Other Audio Visual Means ('OAVM').



Dear Sir/Madam,

We refer to the electronic voting facility provided by NSDL in respect of ensuing e-Voting for Annual General Meeting of **Inspirisys Solutions Limited** - EVEN No – 117133

In this regard, we wish to confirm that the email communication has been sent to 6587 shareholders on 01st September, 2021.

This is for your information and records.

For further information, the bounce cases file will be kept in RTA data path after T+2 days. You are requested to refer RTA login for the same.

---

**From:** Soni Singh
**Sent:** 31 August 2021 14:30
**To:** 'Nagaraj V'
**Cc:** Prajakta Pawle; Sarita Mote; Amit Vishal; Pallavi Mhatre; Himali Singh; chidambaram.nachiappan@inspirisys.com; Sundaramurthy S; Sivapazham P. A.
**Subject:** RE: [External] RE: Twenty-Sixth Annual General Meeting of Inspirisys Solutions Limitedwill be held on Friday, 24th September, 2021 at 2:00 PM through VideoConferencing ('VC') facility / Other Audio Visual Means ('OAVM').

Noted.

---

**From:** Nagaraj V [mailto:Nagaraj.V@inspirisys.com]
**Sent:** 31 August 2021 14:08
**To:** Soni Singh
**Cc:** Prajakta Pawle; Sarita Mote; Amit Vishal; Pallavi Mhatre; Himali Singh; chidambaram.nachiappan@inspirisys.com; Sundaramurthy S; Sivapazham P. A.
**Subject:** [External] RE: Twenty-Sixth Annual General Meeting of Inspirisys Solutions Limitedwill be held on Friday, 24th September, 2021 at 2:00 PM through VideoConferencing ('VC') facility / Other Audio Visual Means ('OAVM').

Dear Sir / Madam